

# **STATE OF UTAH**

## **UNIFORM ACCOUNTING MANUAL**

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**Revision Date:** 1 July 2005

Uniform Accounting Manual for Utah Cities is periodically revised to reflect changes in generally accepted accounting principles (GAAP), changes in fiscal laws affecting city operations, and changes in procedures promulgated by the State Auditor as anticipated in *Utah Code*, Section 10-6-107.

The manual is organized in an easy-to-use format and each page is numbered with a specific reference to facilitate easy filing of updated information. Effective date and revision date information are also included on each page. Updates to the Manual will be inserted in appropriate section of the State Auditor's web site at [www.sao.utah.gov](http://www.sao.utah.gov).

Comments and suggestions concerning the Manual are welcomed and should be directed to the Local Governmental Accounting and Auditing Division of the State Auditor's Office, E310 State Capitol Complex, Salt Lake City, Utah 84114.

The City Manual is organized into two sections - the General Section and the City Section. The General Section contains information on governmental accounting principles, overall budgetary requirements, audit and financial reporting requirements, and a section on special accounting and financial reporting areas applicable to all or most types of governmental units. The State Auditor's Office also maintains separate Uniform Accounting Manuals for towns, counties, and special districts. For independent auditors and other interested parties, these manuals applicable to all local governmental units are available on the State Auditor's web site: [www.sao.utah.gov](http://www.sao.utah.gov).

The City Section of the Manual is organized with the following sections:

### III.A

#### THE FUNDS

A brief description of the various types of funds that may be established by a city, including the governmental functions and activities that should be recorded in each fund.

### III.B

#### CHART OF ACCOUNTS

Provides a chart of accounts for cities, including descriptions of the transactions to be recorded in the various accounts. Also provides a simplified chart of accounts which is optional for smaller third class cities. (The chart of accounts is now presented in the general section of the manual.)

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### III.C BUDGETARY PROCEDURES

Sets forth in summary format the budget procedures and a timetable for their accomplishment. Also discusses the accumulation and usage of fund balances, emergency expenditures, interfund loans and subsidies and contains a copy of the annual budget forms to be used in the preparation and submission of city budgets.

### III.D FINANCIAL REPORTING

Sets forth the requirements for annual financial reports and monthly and quarterly interim financial reports. Contains an example of interim financial reports and references to examples of annual financial reports.

### III.E FISCAL RESPONSIBILITIES

Provides, in summary format, the fiscal responsibilities of the governing body, mayor, auditor-recorder, treasurer, and finance director of the city.

### III.F FISCAL ADMINISTRATION

Contains specific sections on fiscal administration, including encumbrance system accounting, purchasing procedures, references to personnel management requirements, comments on internal control and separation of duties.

### III.G FISCAL PROCEDURES ACT

Contains a summary of the Uniform Fiscal Procedures Act for Utah Cities, as well as the verbatim text of the Act.

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## UNIFORM ACCOUNTING MANUAL

**Reference:** III. A.01  
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**Subject:** The Funds - General Description  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

A fund is defined as “an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.” Statutory requirements and sound financial administrative policies have developed a system of funds in which the financial transactions of a city are recorded. Each of the funds are separate entities. Therefore, they have separate asset, liability, revenue, and expenditure accounts where applicable. When the funds are properly established, the city administrative officers can effectively control, utilize and restrict the resources of a particular fund for which the expenditures are authorized by statute or by the agency that established the fund.

The requirement for complete set of accounts for each fund refers to the identification of accounts in the accounting records. The requirement does not necessarily extend to an actual physical segregation of assets and liabilities. For example, it is not essential to have a separate bank account for the cash in each fund unless such is required by law, bond indentures or contractual agreement.

For units of local government, funds may be established by either constitutional provisions, statutes, bond agreements, charter provisions, or local ordinances.

Historically, there has been a tendency for cities to establish an unnecessary number of funds. In so doing, they have not only created excessive administrative and accounting problems, but also their financial statements have become more complicated and difficult to interpret. Under proper administration, each fund created has certain restrictions and limitations. A proper budgetary and accounting control of the general fund should include all general activities of a city. The creation of numerous funds only brings about inflexibility in budgeting and administration.

No special funds may be created by local ordinance, which are inconsistent with the principles of this manual. The financial activities of the city are to be accounted for within the framework of the following classification of funds.

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## UNIFORM ACCOUNTING MANUAL

**Reference:** III. A.02.01  
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**Subject:** General Fund  
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**Revision Date:** 1 July 2005

Every city should maintain a general fund. Most of the governmental activities should be financed and recorded in this fund. Expenditures for public purposes may be made from cash held in the general fund with freedom from the restrictions imposed on other funds. City commissions or councils may authorize the making of contributions and/or loans to other funds from cash held in the general fund. (For example, if properly budgeted, cash of the general fund could be used to contribute to the debt service funds, or make up existing deficits in internal service or enterprise funds, etc.) Emergencies, catastrophes, and other unforeseen demands for money are usually met from the resources of the general fund.

### Financial Reporting and Budgeting of Special Funds in the General Fund

Special revenue funds are sometimes created to segregate and identify for interim accounting purposes, expenditures relating to certain revenues received (such as the creation of a special revenue fund for state allocated road money or impact fees collected). However, for year-end financial reporting purposes and for budget purposes these revenues and expenditures should be reported in the general fund. In the case of the road funds, the activities financed are of a general governmental nature and are therefore accounted for through the general fund.

Occasionally, a city will establish a special account for a specific purpose or activity such as a Fourth of July Account. Again, this activity should be accounted for through the general fund and no expenditures should be made in excess of those budgeted.

### Revenue Accounts

All city revenues belong to the general fund except those that are specifically required to be accounted for through other funds. When general governmental revenues are earmarked by the governing body to be used in other funds, a transfer of such revenues should be reflected from the general fund. However, in the case of property tax rate specifically set for use in other funds, such taxes received should be accounted for as revenue directly to the appropriate fund. Other specific revenues such as grants, should also be accounted for as revenue in the fund where they will be expended.

The revenue accounts of the general fund are grouped according to the major sources of revenue.

### Expenditure Activity Accounts

As a general rule, those activities of local government that benefit the community as a whole are to be included in the general fund, excluding special enterprise functions and funds segregated to meet statutory requirements. The basic principle of budgeting and comparable financial reporting, as expressed in this manual and the Fiscal Procedures Act, is to reflect the total amount of revenues and expenditures in each budgetary fund without regard to the funding source. Accordingly, all expenditures applicable to the general governmental functions must be budgeted and accounted for within the general fund. The only exception to this requirement would be activities which, because of state and federal statutory requirements, are accounted for in a special purpose fund.

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## UNIFORM ACCOUNTING MANUAL

**Reference:** III. A.02.02  
**Page:** 1 of 1  
**Subject:** Special Revenue Funds  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

The use of special revenue funds is not required by GAAP unless they are legally mandated. Otherwise, monies legally restricted may be accounted for in the general fund. This concept is consistent with the basic principle of accounting, budgeting and comparable financial reporting as expressed in this manual and the City Fiscal Procedures Act, which is to reflect the total amount of revenues and appropriated expenditures in each budgetary or operating fund without regard to funding source. However, because of statutory requirements created on the state or federal level, special revenue funds are created in order to account for resources legally restricted for the financing of particular activities or projects.

All special revenue funds created to account for a function which would qualify as a function of the general fund must, for budgetary and financial reporting purposes, be combined with the appropriate general fund function. When legally restricted resources are accounted for in the general fund, a fund balance reserve account should be used to indicate the excess of legally restricted assets over related liabilities and the nature of the expenditure purposes to which they are restricted.

The special revenue funds may include the following:

- Class "C" Road
- Library Fund
- Impact Fee Fund
- (As needed)

However, as noted above, the Class "C" funds are to be combined with the general fund for budgetary and reporting purposes.

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## UNIFORM ACCOUNTING MANUAL

**Reference:** III. A.02.03  
**Page:** 1 of 1  
**Subject:** Debt Service Funds  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Debt service funds are required only when they are legally mandated and/or if resources are being accumulated for general long-term debt principal and interest payments maturing in future years. This provision accommodates appropriations directly from unrestricted general fund resources for the payment of general long-term debt principal and interest. In such instances, debt service expenditures may be made directly from the general fund, and a separate debt service fund is not required.

Payments of general long-term debt from restricted resources should still generally be accounted for in debt service funds. The footnote on the summary of significant accounting policies in governmental financial statements should clearly indicate which funds are used to account for which long-term debt obligations.

General obligation bonds being repaid by enterprise funds are to be recorded as liabilities within the appropriate enterprise fund, and monies accumulated for their repayment should be accounted for in the appropriate enterprise fund rather than a debt service fund.

Matured but unpaid bonds and interest coupons are a liability of the debt service fund. They should be shown as liabilities on the year-end balance sheet and the amount required to be paid for their redemption should be included in expenditures of the year in which they matured.

Since debt service is a contractual obligation of the governmental unit which must be promptly and fully discharged, all debt service requirements should be regularly budgeted as a part of the governmental unit's annual budget. Each debt issue constitutes a separate obligation with its own legal restrictions and servicing requirements. The budgeting and accounting for each issue must give cognizance to such restrictions and requirements. In some cases, the legal restriction will make it necessary to have a separate fund for each individual bond issue. However, it is recommended that the minimum possible number of debt service funds be employed and where feasible, all general obligation bonds serviced by the general property tax be accounted for in a single debt service fund. Other general obligation issues should be recorded in as few additional debt service funds as would be consistent with applicable laws.



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## UNIFORM ACCOUNTING MANUAL

**Reference:** III. A.02.04  
**Page:** 1 of 1  
**Subject:** Capital Project Funds  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

The GASB Codification defines capital projects funds as funds used “to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds, and Trust Funds).” The financial resources of capital projects funds come from several different sources, including general obligation bonds, grants from the state and federal government and appropriations from the general or special revenue funds.

When capital projects funds are used to account for the proceeds of general obligation bond issues, a separate fund should be provided for each bond issue. General obligation bonds are secured by the full faith and credit of the city and the pledge of its general taxing powers for the payment of the obligation. Such bonds are the liability of the city as a whole and the liability for their repayment is reflected in the Governmental Activities column in the Statement of Net Assets, unless they are to be repaid from the enterprise fund’s operations.

Monies received from grants and appropriations from other funds should be accounted for in a separate capital projects fund for each project. The appropriation and accumulation of money over a period of years in a capital projects fund may be allowed if the governing body of a city has adopted a formal long-range capital plan for the purpose of financing future specific capital improvements. (*Utah Code*, Section 10-6-116(5))

Expenditures made from capital projects funds can only be made in accordance with a formal budget which has been adopted for each capital projects fund. (*Utah Code*, Section 10-6-109)

Capital projects funds are temporary funds which should be eliminated once the specific capital project is complete. *Utah Code* Section 10-6-131(2) requires that “any balance remaining in a capital improvements or capital projects fund shall be transferred to the appropriate debt service fund or other fund as the bond ordinance may require and otherwise to the fund balance account in the general fund.”

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## UNIFORM ACCOUNTING MANUAL

**Reference:** III. A.02.05  
**Page:** 1 of 2  
**Subject:** Accounting for Special Assessments  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

As authorized by *Utah Code*, Sections 17A-3-301 through 345, special assessments are employed to finance permanent improvements, such as to establish, extend or widen streets: construct curbs, gutters, sewer and drains, sidewalks and crosswalks; plant lawns and shade trees in parking spaces, etc., or to finance services such as street lighting, park maintenance, etc. Such permanent improvements or special services are to be paid for, wholly or in part, from special taxes levied against the property owners who are benefited by the improvement project.

Under the *Utah Code*, cities have been empowered to make permanent improvements and to provide the required capital by;

1. issuing general obligation bonds
2. using the general funds of the municipality, or
3. following the method of special improvement district proceedings.

Under the first method of financing, the project would be accounted for through a capital projects fund which would be created to receive and disburse the proceeds of the bond issue. The second procedure would generally require that the cost of improvements be included in the budget appropriation of a specifically created capital projects fund for the fiscal years in which the project is to be constructed.

Special improvement district proceedings must be followed by all municipalities whenever the cost of a project is to be levied or assessed against the abutting property owners. Cities are authorized by the *Utah Code* to create improvement districts, to contract for the making of improvements in each district, and to let the contract to the lowest responsible bidder.

Cities creating special improvement districts should carefully review *Utah Code* Section 17A-3-301 through 345.

In January 1987, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 6 entitled "Accounting and Financial Reporting for Special Assessments" which established new accounting and financial reporting standards for capital improvements and services financed by special assessments.

Transactions of a service-type special assessment should be reported in the fund type that best reflects the nature of the transactions, usually the general fund, a special revenue fund, or an enterprise fund, giving consideration to the "number of funds" principle. Service-type special assessment revenues should be treated like user fees. Assessment revenues and expenditures (expenses) for which the assessments were levied should be recognized on the same basis of accounting as that normally used for that fund type.

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**Subject:** Accounting for Special Assessments  
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If the city is obligated in some manner to assume payments on special assessment debt in the event of default by the property owners, all transactions related to capital improvements financed by special assessments should be reported in the same fund types and on the same basis as any other capital improvement and financing transactions.

For financial reporting purposes, a city is obligated in some manner for special assessment debt if (a) it is legally obligated to assume all or part of the debt in the event of default or (b) the city may take certain actions to assume secondary liability for all or part of the debt - and the city takes, or has given indications that it will take, those actions.

Special assessment projects are often financed with general obligation bonds, issued by the city. When the city derives a direct benefit from the capital improvement or choose to share in the cost of construction based on the anticipated benefit to the community, general obligation debt may be issued to reduce the cost of financing the project.

For most capital improvements assessments, the project can be divided into a construction phase and a debt-repayment phase. Unless the capital improvement is accounted for in the enterprise fund, the construction phase generally is accounted for in a capital projects fund. The debt service phase of the capital improvement special assessment should be reported in a debt service fund when a separate fund is legally required or the debt meets a criterion where a debt service fund would be advisable. (See GASB Codification section S40 for a description of criterion which would require a debt service fund).

Certain capital construction special assessment activities can be reported in the enterprise funds. When the special assessment debt is (a) a direct obligation of the enterprise fund or (b) is not a direct obligation but is expected to be repaid from enterprise fund revenues, the debt should be reported as a liability on the enterprise fund 's balance sheet.

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**Subject:** Accounting for Special Assessments  
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As authorized by *Utah Code*, Sections 17A-3-301 through 345, special assessments are employed to finance permanent improvements, such as to establish, extend or widen streets: construct curbs, gutters, sewer and drains, sidewalks and crosswalks; plant lawns and shade trees in parking spaces, etc., or to finance services such as street lighting, park maintenance, etc. Such permanent improvements or special services are to be paid for, wholly or in part, from special taxes levied against the property owners who are benefited by the improvement project.

Under the *Utah Code*, cities have been empowered to make permanent improvements and to provide the required capital by;

1. issuing general obligation bonds
2. using the general funds of the municipality, or
3. following the method of special improvement district proceedings.

Under the first method of financing, the project would be accounted for through a capital projects fund which would be created to receive and disburse the proceeds of the bond issue. The second procedure would generally require that the cost of improvements be included in the budget appropriation of a specifically created capital projects fund for the fiscal years in which the project is to be constructed.

Special improvement district proceedings must be followed by all municipalities whenever the cost of a project is to be levied or assessed against the abutting property owners. Cities are authorized by the *Utah Code* to create improvement districts, to contract for the making of improvements in each district, and to let the contract to the lowest responsible bidder.

Cities creating special improvement districts should carefully review *Utah Code* Section 17A-3-301 through 345.

In January 1987, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 6 entitled "Accounting and Financial Reporting for Special Assessments" which established new accounting and financial reporting standards for capital improvements and services financed by special assessments.

Transactions of a service-type special assessment should be reported in the fund type that best reflects the nature of the transactions, usually the general fund, a special revenue fund, or an enterprise fund, giving consideration to the "number of funds" principle. Service-type special assessment revenues should be treated like user fees. Assessment revenues and expenditures (expenses) for which the assessments were levied should be recognized on the same basis of accounting as that normally used for that fund type.

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## UNIFORM ACCOUNTING MANUAL

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**Subject:** Accounting for Special Assessments  
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If the city is obligated in some manner to assume payments on special assessment debt in the event of default by the property owners, all transactions related to capital improvements financed by special assessments should be reported in the same fund types and on the same basis as any other capital improvement and financing transactions.

For financial reporting purposes, a city is obligated in some manner for special assessment debt if (a) it is legally obligated to assume all or part of the debt in the event of default or (b) the city may take certain actions to assume secondary liability for all or part of the debt - and the city takes, or has given indications that it will take, those actions.

Special assessment projects are often financed with general obligation bonds, issued by the city. When the city derives a direct benefit from the capital improvement or choose to share in the cost of construction based on the anticipated benefit to the community, general obligation debt may be issued to reduce the cost of financing the project.

For most capital improvements assessments, the project can be divided into a construction phase and a debt-repayment phase. Unless the capital improvement is accounted for in the enterprise fund, the construction phase generally is accounted for in a capital projects fund. The debt service phase of the capital improvement special assessment should be reported in a debt service fund when a separate fund is legally required or the debt meets a criterion where a debt service fund would be advisable. (See GASB Codification section S40 for a description of criterion which would require a debt service fund).

Certain capital construction special assessment activities can be reported in the enterprise funds. When the special assessment debt is (a) a direct obligation of the enterprise fund or (b) is not a direct obligation but is expected to be repaid from enterprise fund revenues, the debt should be reported as a liability on the enterprise fund 's balance sheet.

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**Reference:** III. A.02.06  
**Page:** 1 of 1  
**Subject:** Permanent Funds  
**Effective Date:** 1 July 2005  
**Revision Date:**

The newest governmental fund type is the permanent fund, first introduced as part of the governmental financial reporting model established by GASB Statement No. 34. Permanent funds should be used “to report resources that are legally restricted to the extent that only earnings, and principal, may be used for purposes that support the reporting government’s programs, that is, for the benefit of the government or its citizenry.” Similar arrangements for the benefit of those outside the government (individuals, private organizations, other governments) should be accounted for as private-purpose trust funds rather than permanent funds. A permanent fund would be used, for example, to account for the perpetual care endowment of a municipal cemetery, or for endowments relating to a municipal library or museum.

Sometimes there is a requirement through enabling legislation that a portion of restricted resources be “permanently invested.” Generally Accepted Accounting Principles (GAAP) expressly indicate that a government may use a permanent fund in such situations. In that case, fund balance would need to distinguish amounts that are available for spending from those that are not.

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**Reference:** III.A.03.01  
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**Subject:** Enterprise Funds  
**Effective Date:** 1 April 1987  
**Revision Date:** 1 July 2005

Enterprise funds may be established to account for the operations of the enterprises which provide goods or services to the public and a fee is charged. As such, these funds are to be handled on the same basis as similar privately-owned utilities or other business organizations. GASB 34 makes clear that enterprise fund reporting must be used for any activity whose *principal* revenue sources meet any of the following criteria:

- (1) Debt backed solely by fees and charges. Debt that is secured by a pledge of net revenues from fees and charges *and* the full faith and credit of the related primary government or component unit – even if that government is not expected to make any payments – is not payable solely from fees and charges of the activity.
- (2) Legal requirement to recover cost. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
- (3) Policy decision to recover cost. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Combining activities that are not homogeneous in a single enterprise fund could obscure that matching of revenues and expenses that is a central feature of enterprise fund accounting. Accordingly, separate enterprise funds normally are used to account for nonhomogeneous activities. This practice is considered consistent with the number of funds principle because it is needed for sound financial management.

Revenues are to be recognized in the accounts as customers are billed. Accounts receivable are debited and the applicable revenue accounts credited. Proceeds from the sale of revenue bonds are credited directly to the bonds payable account. The proceeds of a general obligation bond issue that are to be expended for the purpose of constructing or expanding a utility or enterprise facility are also to be accounted for in the enterprise fund. As disbursed, the cost of the project is charged to Construction in Progress. Upon completion, the Construction in Progress account is classified by type of asset, and the related costs are transferred to the permanent asset accounts. If the enterprise fund is not expected to repay the general obligation bonds, the proceeds would be credited to the enterprise fund's contributions account.

A city may decide that part of the cost of operating or constructing an enterprise is to be financed by the city rather than users. Monies received from property tax levies and other city revenues are handled on two ways depending upon the usage of the monies. If the monies are to be used for the construction or capital improvements of an enterprise, the contributions should be credited to the city's contribution account. If the monies are to be used for operating purposes, such contribution should be reflected as operating transfers.

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Refer to section I.D.08 for information regarding treatment of proceeds from water and sewer connection fees.

Certain expenses of a utility or other enterprise are treated in a different manner than are expenditures of the governmental funds of a city. Capital outlays of the utility or enterprise are charged directly to fixed asset accounts and these costs are subsequently taken up in its operating accounts through annual depreciation charges spread over the estimated useful life span of each of the fixed assets acquired. Interest paid constitutes expense to be charged against revenues, but expenditures for the retirement of bonds result in reduction of a liability and are charged to the bonds payable account. Materials and supplies on hand at the end of each year should be inventoried and set up in the books so that expense accounts are charged only with the actual materials and supplies consumed during the year. Prepaid expenses are to be set up as assets to be charged to expense in the period benefited.

Questions are frequently asked about the treatment of depreciation expense on assets acquired with grant monies. The following direction is provided in GASB Codification Section G 60.116. (See GASB Codification Section G 60).

In proprietary funds, grants, entitlements, or shared revenues received for operations and/or for either operations or capital acquisitions or construction are reported as “non-operating” revenues. Such resources externally restricted for capital acquisitions or construction are reported as contributed capital. Operating expenses include depreciation on all depreciable fixed assets. Depreciation recognized on assets acquired or constructed through such resources externally restricted for capital acquisitions may be closed to the appropriate contributed capital account (Capital Grants in Paragraph .114) and reported in the operating statement as shown in Illustration 2. If this option is followed, the net income (loss), adjusted by the amount of depreciation on fixed assets acquired or constructed through such resources externally restricted for this purpose, is closed to Retained Earnings and reported as shown in the Illustration.

City departments should pay for utility services at the same rates charged to other customers of the utility. Also, *Utah Code*, Section 10-6-135(3)(d) provides that allocations or transfers, which do not represent reasonable allocations of costs, cannot be made from an enterprise unless notice is given to all utility customers and a public hearing held. Such reasonable allocations of costs are defined in this Manual as actual costs plus an amount equal to taxes that would be assessed against a similar commercial enterprise. Transfers to other funds from an enterprise fund which do not represent a reasonable allocation or costs should either be treated as “Residual Equity Transfers” with a reduction of contributed capital or retained earnings, or as “Operating Transfers”, depending upon the nature of the transfers. These procedures are necessary in order to provide accurate departmental costs and provide the basis for determining whether a net profit was actually earned by the utility during the fiscal period.



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**Reference:** III.A.03.01  
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**Subject:** Enterprise Funds  
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**Revision Date:** 1 July 2005

The plant and facilities represent the major resources of a public utility or other enterprise and the property accounts reflecting them are to be included in its balance sheet. Annual depreciation expense charges are to be accumulated and credited in the general ledger allowance for depreciation account.

Revenue bonds are a liability of the utility or enterprise and are to be included in its balance sheet. They are special obligations of the issuing utility and are payable solely from its net revenues. Revenue bonds usually contain a provision that the holder shall not have the right to demand payment of the obligation out of funds raised or to be raised by taxation.

Some cities provide capital for construction and expansion of a utility system by issuing general obligation bonds. Holders have the right to demand payment of this obligation out of funds raised or to be raised by taxation and the full faith and credit of the city are pledged for payment of the bonds.

Usually, this right is not exercised unless revenues of the enterprise are insufficient to meet debt service requirements. Because of this, general obligation bonds intended to be repaid out of earnings of the enterprise are properly reflected as an obligation of the enterprise fund. However, if general obligation bonds are intended to be repaid out of taxation through a debt service fund, then the liability for such bonds should not be reflected in the enterprise fund. As previously states, the proceeds from such issues are properly considered as a contribution by the town to be credit to the Enterprise fund's contribution account.

Amounts required to be set aside out of earnings for the retirement of revenue bonds should be charged to retained earnings and credited to the account "Reserve for Revenue Bond Retirement."

Normally, sewer service activities are accounted for in a combined water and sewer fund. Occasionally, however, a city may float a revenue bond issue on the sewer facilities which prescribes that the sewer activities and the assets and liabilities related there are to be set up in a separate utility fund. Frequently, a bond issue is secured by both the water and sewer facilities, in which case, the assets and liabilities related to these two services are to be set up in one utility fund, but the revenues and expenses of the water activity may be accounted for separately from those of the sewer activity within this combined fund.

Uniform accounting procedures for electric and gas utilities have been promulgated by the Federal Energy Regulatory Commission. These procedures are optional, and may be located as follows:

Electric Utilities - "Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act", which is found in 18 CFR, part 101.

Gas Utilities - "Uniform System of Accounts Prescribed for Natural Gas Companies Subject to the Provisions of the Natural Gas Act", which is found in 18 CFR, part 201.

## **STATE OF UTAH UNIFORM ACCOUNTING MANUAL**

**Reference:** III.A.03.01  
**Page:** 4 of 4  
**Subject:** Enterprise Funds  
**Effective Date:** 1 April 1987  
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If you do not wish to adopt the federal accounting procedures identified above, you should follow generally accepted governmental accounting procedures to account for these utilities. Entities which follow utility reporting standards are still required to include all GASB disclosures.

The asset, liability, revenue and expense accounts applicable to a particular utility or enterprise may be selected from the Master Chart of Accounts of this manual when the accounts listed appear to be adaptable to the local requirements of these funds, and may be expanded if greater detail is required. Or, account grouping may, if preferred, be selected from the publications cited above.

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. A.03.02  
**Page:** 1 of 2  
**Subject:** Internal Service Funds  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

Governments often wish to centralize certain services (for instance, motor pool) and then allocate the cost of those services within the government. In certain cases, these centralized services also may be provided on a cost-reimbursement basis to component units or even to other governments. GAAP permit internal service funds to be used “to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost reimbursement basis.” If other governments are involved, use of an internal service fund is only appropriate if the sponsoring government is itself the predominant participant in the activity. Otherwise, an enterprise fund should be used.

The use of internal service funds is *never required* under GAAP. Nonetheless, internal service funds commonly are used for a wide variety of activities, including central garages, and motor pools, duplicating and printing services, information systems, purchasing, and central stores.

The following are examples of some of the types of internal service funds a city may want to consider:

Fund No. 61 - Equipment Maintenance Fund

Fund No. 62 - Stores and Purchasing Fund

Fund No. 63 - Insurance Revolving Fund

The purposes, functions and composition of some of these internal service funds are described in the following paragraphs. The primary source of revenue for this fund is the charges against the user departments for work done, but some money may be received from payments by persons damaging city equipment.

### Fund No. 61 - Equipment Maintenance Fund

This is a fund wherein financial entries pertaining to equipment maintenance and repair performed for other city departments are recorded. In consideration for such charges, the departments using the equipment obtain preventive maintenance and repairs.

The activity of the fund consists of the servicing, preventive maintenance, repair and major overhaul of all mobile, mechanical and automotive equipment. To the extent possible, all mechanical and repair work should be done in the city-owned garage facilities. Payments for outside work performed by private concerns are also made from this fund. The overall purpose of this equipment servicing arrangement is to provide the most economical repairs and maintenance work on equipment used by the various departments and to keep such equipment in good operating condition.

The accounting procedures would be similar to those employed by a commercial garage. Purchase of garage facilities and mechanical equipment would be charged directly to the fixed asset accounts and

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. A.03.02  
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annual provision for depreciation would be reflected in the expenses. Materials, supplies and prepaid expenses at the end of each fiscal period should be inventoried and “set up” when appropriate. The self-balancing group of accounts of this fund contains all the asset, liability, revenue, and expense accounts normally found in similar commercial business.

### Fund No. 62 - Stores and Purchases Fund

Purchasing, storing and issuing the supplies and materials used in Central Stores by the requisitioning departments in the performance of their particular services should be accounted for through the stores and purchases fund. It is recommended that central stores be kept on a perpetual inventory basis with checkups by physical count at least annually. Different sections of the inventory may be checked at various times during the fiscal period.

Revenue of this fund will consist almost entirely of charges to the various departments for supplies and materials drawn or used in their behalf. Expenditures for purchases of materials and supplies will be charged directly to the perpetual inventory account. Expenses of the purchasing agent and warehousing would be included in this fund. Materials issued to a department would be billed at a cost plus a fee to compensate for overhead expenses.

### Fund No. 63 - Insurance Revolving Fund

Some cities may have undertaken to maintain a self-insured risk program. Such an activity would be properly accounted for in a revolving fund. The revenue would consist of charges to the various departments of the city for their insurance coverage. Expenses of operating the program and all fire losses would be paid from these resources. A combination self-insurance and re-insurance program is frequently used, which would also be accounted for in a revolving fund.

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. A.04  
**Page:** 1 of 2  
**Subject:** Fiduciary Funds  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

Fiduciary fund reporting focuses on net assets and changes in net assets. Fiduciary funds should be used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private purpose trust funds, and agency funds. The three types of trust funds should be used to report resources held and administered by the reporting government when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished from agency funds generally by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

*Pension (and other employee benefit) trust funds* should be used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other post-employment benefit plans, or other employee benefit plans. The mere fact that a government offers pension benefits or other benefits to its employees does not necessarily mean that the government should report a pension (or other employee benefit) trust fund. Rather, the critical factor is whether a government is *holding resources in trust* for that purpose.

GAAP require the use of separate trust funds for each individual pension plan. A pension plan is an arrangement where all assets accumulated for the payment of benefits may legally be used to pay any member or beneficiary. If certain assets are legally restricted to the payment of certain members of beneficiaries, then there is more than one pension plan for financial reporting purposes.

*Investment trust funds* should be used to report the external portion of investment pools reported by the sponsoring government. Investment trust funds are created when legally separate governments commingle or pool their resources in an investment portfolio for the benefit of all participants. If the sponsoring government is a participant, the arrangement is referred to as a mixed pool and only the external portion of the pool's resources is reported in the investment trust fund.

*Private-purpose trust funds* should be used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

*Agency funds* should be used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Agency funds, unlike trust funds, typically *do not* involve a formal trust agreement. Rather, agency funds are used to account for situations where the government's role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Accordingly, all assets reported in an agency fund are offset by a liability to the party on whose behalf they are held.

Agency funds are most commonly used to account for taxes collected by one government on behalf of other governments. GAAP require the use of an agency fund to account for debt service transactions involving special assessment debt for which the government is not obligated in any manner. That is,

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. A.04  
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property tax collections related to the repayment of no-commitment special assessment debt must be accounted for in an agency fund pending their remittance to bondholders. GAAP also mandate the use of an agency fund to account for pass-through grants that are equivalent to pure cash conduits. To qualify as a pure cash conduit, a grant must have no administrative involvement and no direct financial involvement with the grant program.

# **STATE OF UTAH UNIFORM ACCOUNTING MANUAL**

**Reference:** III. B  
**Page:** 1 of 1  
**Subject:** Chart of Accounts  
**Effective Date:** 1 April 1987  
**Revision Date:** 1 July 2005

REFER TO SECTION I.C.07 FOR THE MASTER CHART OF ACCOUNTS

OR

SECTION I.C.10 FOR THE SIMPLIFIED CHART OF ACCOUNTS  
(for smaller governmental units)

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. C.01  
**Page:** 1 of 1  
**Subject:** Budgetary Procedures (Introduction)  
**Effective Date:** 1 April 1987  
**Revision Date:** 1 July 2005

The significance of a city's budget process cannot be overemphasized. The budget process is an essential element in the financial planning, control and evaluation of a city and it provides the opportunity for those citizens paying for governmental services to be heard by their elected representatives. Recognizing the significance of the budget process, the Utah Legislature has set forth laws that define the budget process, both for the protection of the taxpayers and for the elected and appointed city officials. The Uniform Fiscal Procedures Act for Utah Cities contains those laws. For ease of understanding, the laws pertaining to the normal budget process have been summarized on the following pages. The complete text of these laws is provided in section III.G.02 and should be referred to as needed.

*Utah Code* Section 10-6-106(11) defines the budget officer of a city:

“Budget Officer means the city auditor in cities of the first and second class, the mayor or some person appointed by the mayor with the approval of the city council in cities of the third class, the mayor in the council-mayor optional form of government, or the person designated by the charter in charter cities.”

The budget officer, in addition to preparing the tentative budget, is required to prepare a budget message, “which shall explain the budget, contain an outline of the proposed financial policies of the city for the budget year, and shall describe the important features of the budgetary plan”, including “reasons for salient changes from the previous year in appropriation and revenue items, and shall explain any major changes in financial policy” [*Utah Code*, Section 10-6-111(2)]

The budget laws recognize the benefits of uniform budgets which can be compared from one year to the next and can also be compared with other cities. The State Auditor is charged with providing these uniform budget forms and ensuring that they are completed and file in State Auditor's office for public inspection.

Budgets are estimates, and therefore, from time to time it may be necessary to amend the city's budget. City budgets can and should be amended if it is apparent that expenditures are going to exceed the budget for any reason. Budgets can be amended as late as the last day of the fiscal year. A budget is also an appropriation of funds. Therefore, it is not permissible to amend the budget after the fiscal year has ended. *The procedures for amending a budget are essentially the same as to adopt a budget originally, except the city is not required to send a copy to the State Auditor.*

While cities are required to adopt budgets for the general fund, special revenue, debt service, capital project and enterprise funds and submit them to the State Auditor's Office, the only budgets that are required to be presented in the financial report are the general fund and major special revenue funds.

Section I.B.02.01 includes a property tax calendar to assist you in meeting the budgetary requirements and deadlines.



# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. C.02  
**Page:** 1 of 2  
**Subject:** Summary of Budget Procedures and Timetable  
**Effective Date:** 1 April 1987  
**Revision Date:** 1 July 2005

The following summary should be reviewed and understood by all elected and appointed city officials, including all department heads. Officials directly involved in the budget approval and modification processes should become familiar with the complete text of these budget laws, as well as all other budgetary procedures and laws discussed in this part of the manual.

### Utah Code Section

### Budget Preparation and Adoption

- |                          |   |
|--------------------------|---|
| 10-6-109                 | Budget required for general, special revenue, debt service and capital projects funds.  |
| 10-6-110                 | Financial plan of all estimated revenues and all appropriations for expenditures required. Budget must balance.   |
| 10-6-111,<br>10-6-113    | By first regularly scheduled council meeting in May, budget officer shall prepare and file with council a tentative budget. The tentative budget is to be reviewed and tentatively adopted by the council. During meeting, council to establish time and place of hearing to adopt final budget.  |
| 10-6-112                 | Tentative budget shall be public record available for inspection for at least ten days prior to adoption of final budget.   |
| 10-6-113                 | Published notice required seven days prior to public hearing on adoption of budget.   |
|                          | NOTE: Refer to the General Section, I.B.02 and <i>Utah Code</i> , section 59-2-918 and 59-2-919 for additional disclosure and hearing requirements in the case of increased property tax revenues.  |
| 10-6-114                 | Public hearing to be held on tentatively adopted budget.  |
| 10-6-115                 | Final adjustments to tentative budget by council after public hearing.  |
| 10-6-118<br>59-2-924 (3) | By June 22, the proposed tax rate and budget is adopted by resolution or ordinance. If there is no increase in the certified tax rate, a <u>final</u> budget is adopted by June 22. Copy of budget to be certified by budget officer and filed with State Auditor within thirty days of adoption. |

The proposed or final tax rate must also be submitted to county auditor by June 22. If the city sets a proposed tax rate which exceeds the certified tax rate, it shall not adopt its final budget until the public hearing specified in *Utah Code* Section 59-2-919 has been held.

## STATE OF UTAH UNIFORM ACCOUNTING MANUAL

**Reference:** III. C.02  
**Page:** 2 of 2  
**Subject:** Summary of Budget Procedures and Timetable  
**Effective Date:** 1 April 1987  
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Until the hearing is held and a final budget and tax rate are adopted, the taxing district may expend monies based on, (1) its tentative budget after adoption, or (2) its prior year's adopted final budget as amended, which must be re-adopted by resolution at a regular meeting of the governing body. Latest possible date for adoption in the case of an increased tax rate is August 17. Copy due to State Auditor within 30 days of adoption.

10-6-119 Budget shall be in effect subject to later amendment and shall be available for public inspection.

10-6-102 Budgeted property taxes are the basis for determining the property tax rate.

### Budget Changes

10-6-124 Transfer of unexpended appropriation from one expenditure account to another in same department can be made with consent of budget officer.

10-6-125 Council may, by resolution, transfer unexpended appropriation from one department to another department within the same fund.

10-6-127 Budgets in budgetary funds (*Utah Code*, Section 10-6-109) may be increased by resolution after public hearing (*Utah Code*, Section 10-6-113 & 114).

10-6-128 Final amendments to the current year budget shall be adopted by the council by last day of fiscal year.

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. C.03  
**Page:** 1 of 1  
**Subject:** Enterprise Fund Budgets  
**Effective Date:** 1 April 1987  
**Revision Date:** 1 July 2005

Like the governmental fund types (general, special revenue, debt service and capital projects) which are required to follow budgetary procedures, enterprise funds also must follow budgetary procedures. However, there are some important differences in these procedures. Therefore, enterprise funds are addressed in a separate section of the law and in this manual. Enterprise fund budget procedures are set forth in *Utah Code*, Section 10-6-135 and 136. A summary of similarities and differences between enterprise fund budgets and governmental fund type budgets is included below. Reference should also be made to Section 10-6-135 of the Fiscal Procedures Act which is contained in Section III.G.02 of this manual.

### Similarities with Other Budgets

- A. Enterprise fund budgets must be subject to public hearing.
- B. The same budgetary control over expenditures not being allowed in excess of budgets exists.
- C. City adopted purchasing procedures must be followed.
- D. Budget may be reduced by governing body.
- E. Unexpended appropriations may be transferred within enterprise funds.

### Differences From Other Budgets

- A. Budget may be increased by governing body without public hearing.
- B. If the budget for the enterprise fund contains amounts to subsidize other funds of the city, all enterprise fund customers must be notified in writing (at least 7 days prior to hearing) of the date, time, place and purpose of the public hearing to be held. [*Utah Code*, Section 10-6-135(1)]
- C. A supplementary estimate of all capital projects required in the next three years for the enterprise fund is required to be submitted to governing body with tentative budget. (Optional for third class cities.)

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. C.04  
**Page:** 1 of 3  
**Subject:** Fund Balance - Accumulation, Usage, and Deficits  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

*Utah Code*, Section 10-6-116(1) states:

- (1) Cities are permitted to accumulate retained earnings or fund balances, as appropriate, in any fund. With respect to the general fund only, any accumulated fund balance is restricted to the following purposes:
  - (a) to provide working capital to finance expenditures from the beginning of the budget year until general property taxes, sales taxes, or other applicable revenues are collected, thereby reducing the amount which the city must borrow during the period but this subsection does not permit the appropriation of any fund balance for budgeting purposes except as provided in Subsection (4);
  - (b) to provide a resource to meet emergency expenditures under Section 10-6-129; and
  - (c) to cover a pending year-end excess of expenditures over revenues from unavoidable shortfall in revenues. This provision does not permit the appropriation of any fund balance to avoid an operating deficit during any budget year except as provided under Subsection (4), or for emergency purposes under Section 10-6-129.

While part (2) of this section restricts the amount of fund balance that may accumulate in the general fund, it is clear that the legislative intent is that cities do have a fund balance for the purposes stated above.

In the event that the fund balance in the general fund is in excess of that allowed at the end of the fiscal year, the city has one year to decide what they are going to use it for. This excess must then be included as available resources to the general fund as provided in *Utah Code*, Section 10-6-117(2). It then can be transferred to a capital projects fund pursuant to *Utah Code* Section 10-6-116(5) or left as an available resource in the general fund which would have the effect of reducing current year property taxes.

Part (4) of this *Utah Code* Section allows for budgeting of the fund balance above a specified floor of 5% of the total general fund revenues.

*Utah Code*, Section 10-6-116(2) sets forth the amount of fund balance that may be accumulated in the general fund:

The accumulation of a fund balance in the general fund shall not exceed 18% of the total estimated revenue of the general fund. (Transfers from other funds and appropriation of beginning fund balance should be excluded.)

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. C.04  
**Page:** 2 of 3  
**Subject:** Fund Balance - Accumulation, Usage, and Deficits  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

In determining what is to be considered in calculating fund balance, the State Auditor has determined that money received with restriction on expenditure, such as state-allocated Class C road funds or state liquor fund allotment, should not be included in computing excess fund balances.

Even though the accumulation of fund balances in funds other than the general fund is not restricted, these funds are established for a specific purpose and the usage of the accumulated fund balance in any of these funds is restricted for those purposes. When those purposes no longer exist, the fund balances are to be disposed of in the manner provided by *Utah Code* Section 10-6-131:

“Whenever the necessity for maintaining any special fund of a city has ceased to exist and a balance remains in the fund, the governing body shall authorize the transfer of the balance to the fund balance account in the general fund of the city, except that:

- (1) Any balance remaining in a special assessment fund and any unrequired balance in its special improvements guaranty fund shall be treated in the manner provided in Section 17A-3-332 and 17A-3-334;
- (2) Any balance remaining in a capital improvements or capital projects fund shall be transferred to the appropriate debt service fund or other fund as the bond ordinance may require and otherwise to the fund balance account in the general fund;
- (3) Whenever any balance held in a trust fund for a specific purpose, other than a cemetery perpetual care trust fund, is to be transferred because its original purpose or restriction has ceased to exist, a public hearing shall be held in the manner provided in Sections 10-6-113 and 10-6-114. The published notice shall invite those persons who contributed to the fund to appear at the hearing. If the governing body determines the fund balance amounts are refundable to the original contributors, a 30 day period following the hearing shall be allowed for persons having an interest in the fund to file with the governing body a verified claim only for the amount for each claimant’s contributions. Any claim not so filed shall be forever barred. Any balance remaining, after refunds to eligible contributors, shall be transferred to the fund balance account in the general fund of the city: and
- (4) Whenever the governing body decides, in conformity with applicable laws and ordinances, that the need for continued maintenance of it’s cemetery perpetual care trust fund no longer exists, it may transfer the balance in such fund to the capital improvements fund for expenditures for land, buildings and major improvements to be used exclusively for cemetery purposes.”

## **STATE OF UTAH UNIFORM ACCOUNTING MANUAL**

**Reference:** III. C.04  
**Page:** 3 of 3  
**Subject:** Fund Balance - Accumulation, Usage, and Deficits  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

Some cities find themselves with a deficit fund balance in the general fund and believe that, in accordance with *Utah Code*, Section 10-6-117(3), they can appropriate five percent of their general fund revenues per year to pay off this deficit. The State Auditor has taken the position that a deficit, created by expenditures being made in excess of those budgeted, is an illegally created debt in violation of the Utah Constitution, Section XIV(3). As such, the total deficit should be appropriated in the following fiscal year.

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. C.04.01  
**Page:** 1 of 1  
**Subject:** Budgeting for Contributions & Transfers  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

A transfer is the movement of cash or other resources from one fund to another. In this sense, “fund” means a generally accepted fund type such as the general fund, debt service fund, capital project fund or enterprise fund. This does not mean an account within the city, a savings account at the bank or the Public Treasurers Investment Pool at the State Treasurers Office. It also does not mean beginning fund balance. A transfer is the movement of cash from one generally accepted fund type to another.

Transfers between funds that do not represent loans, reimbursements, or quasi-external transactions are operating transfers and must balance. That is, transfers-in must equal transfers-out. For example, funds transferred from the general fund to the debt service fund to service general obligation debt is an operating transfer from the general fund and does not become an expenditure until paid out by the debt service fund.

It should be noted that when one fund provides a service for another fund (ie. general fund performs billing and overhead services for the enterprise fund) the reimbursement should be recognized as revenue to the fund performing the service and an expense to the fund receiving the service. This should NOT be considered a transfer or a contribution.

Contributions between funds, on the other hand, are used to either seed or close a fund, in effect, making them equity transfers. Contributions are, as the name indicates, contributions of cash or other resources which are not expected to be paid back or the result of any service of value rendered the donating fund. Contributions could be a gift from a private source. Contributions between funds must also balance.

Local government entities should ensure (1) that the terms “transfer” and “contribution” are properly applied as they submit their budgets, (2) that they are identified as to source and destination, and (3) that they balance.

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. C.05  
**Page:** 1 of 1  
**Subject:** Emergency Expenditures  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

*Utah Code* Section 10-6-129 provides the governing body the authority to increase expenditures without a public hearing, and even incur a deficit in the fund balance of the general fund in the case of an emergency. However, the definition of an emergency as set forth in the law is restrictive to such things as natural calamities and the authority provided by this section may not be used for other reasons, such as to cover unbudgeted expenditures.

*Utah Code* Section 10-6-129. Emergency expenditures.

“In the event the governing body of a city determines that an emergency exists, such a widespread damage from fire, flood or earthquake, and that the emergency necessitates the expenditure of money in excess of the budget of the general fund, the governing body may be resolution amend the budget and authorize such expenditure and incur such deficits in the fund balance of the general fund as may be reasonably necessary to meet the emergency.”



# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. C.06  
**Page:** 1 of 1  
**Subject:** Interfund Loans and Subsidies  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

*Utah Code* Section 10-6-132 provides for loans by one fund to another:

Subject to restrictions imposed by bond ordinance, statute or other controlling regulations, the governing body of a city may (1) authorize interfund loans from one fund to another at such interest rates and upon such repayment terms and conditions as it may prescribe, and (2) with available cash in any fund, purchase or otherwise acquire for investment unmatured bonds of the city or of any fund of the city.

These loans may not be made for the purpose of covering an operating deficit in any of the funds of the city that were incurred in violation of budgetary laws. A loan from another fund of the city is not revenue to the recipient fund but rather should be recorded as a liability to that fund.

While it is the general objective of sound budgetary procedures that the general fund and enterprise funds of a city not require operating subsidies from each other, such transfers may be made if the following procedures are followed. In the case of the general fund subsidizing enterprise fund operations, such subsidy would be required to be clearly identified in both the preliminary budget, on which a public hearing was held, and the final adopted budget. In the case of enterprise funds subsidizing any other funds of the city, *Utah Code* Section 10-6-135(3)(d) requires all enterprise fund customers to be notified and a public hearing held before such transfers can be made.

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. C.07  
**Page:** 1 of 1  
**Subject:** City Budget Form Instructions  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

*Utah Code* Section 10-6-154(1)(c) requires the State Auditor to “prepare and supply each city with suitable budget and reporting forms”. *Utah Code* Section 10-6-111(1) requires the budget officer to use these forms in the preparation of the tentative budget. When adopted, the budget is to be “certified by the budget officer and filed with the State Auditor within 30 days after adoption”. (*Utah Code* Section 10-6-118)

Two sets of the blue forms will be provided to each city on an annual basis. The blue forms, along with the attached “Certification of Budget” sheet are those required to be used in the presentation of the tentative budget and filing with the State Auditor’s Office. These forms can also be obtained by downloading them from the State Auditor’s web site at [www.sao.utah.gov](http://www.sao.utah.gov).

Questions are frequently received about the necessity of using the blue summary budget forms when governmental units have their own computerized budget process which provides printouts in a different format than these forms. This is a very legitimate concern, but it needs to be considered in relation to the intent and purpose of uniformity. Many different citizens groups, research organizations and other groups use these forms for analysis and research purposes. Because of their needs and the intent of the law, the blue summary budget forms or a computer printout with the same information and format must be filed with the State Auditor’s Office. For tentative budget purposes, where a greater level of detail is required, the city may use their own forms, but if requested by citizens or other users, the city must provide the tentative budget to them in the format required by law.

# BUDGET INSTRUCTIONS

Budget forms submitted must present a balanced budget as required by *Utah Code* Section 10-6-110. In the general fund and special revenue funds, **budgeted expenditures must equal budgeted revenues**. If prior year surplus amounts are to be appropriated in a budget (see restrictions for general fund per section 10-6-116), the amount is to be presented as a source of revenue in the budget. Also, any budgeted increase in a fund balance must be presented as an expenditure within the appropriate budget.

Any special revenues which coincide with general fund operations should be budgeted within the general fund budget. Examples of such revenues are: Class “C” road, and appropriate federal grants, etc. A separate budget may be prepared for these types of funds with the expenditures shown as transfers to the general fund or other funds. The form for special revenue funds should be used if this is the case.

**FORM 1:** To be completed for special revenue funds.

**FORM 2:** To be completed for debt service funds. (Bonds to be repaid from enterprise funds should be budgeted and reported in the enterprise fund rather than the debt service fund.)

**FORM 3:** The enterprise budget form is an accrual basis budget. While we acknowledge that a cash flow analysis is critical to the effective operation of any organization, it is more important to know whether the enterprise is operating at a profit or loss on current year revenues and expenses in a fiscal year period. Since enterprise funds are required to follow the same accounting principles for determining profit or loss that a private company is, it must be recognized that certain items such as bond proceeds are not revenues even though they provide cash, and items such as construction and major improvements of systems and debt repayment are not expenses even though they use cash. Accordingly, the city may use the cash reconciliation section provided at the bottom of the form if desired for cash flow analysis. Net income (loss) should not reflect retained earnings.

A separate budget should be submitted for each enterprise function, such as water and electric. A combined budget may be prepared only if the function of the enterprise is closely related, such as water and sewer.

Bonds to be repaid from enterprise funds should be budgeted and reported in the enterprise fund rather than the debt service fund.

**FORM 4:** To be completed for capital projects funds.

**NOTE:** See section III.C.02 in the Uniform Accounting Manual for a summary of fiscal laws relating to the preparation, adoption and modification of budgets.

\_\_\_\_\_  
CITY

\_\_\_\_\_  
FISCAL YEAR ENDING

CERTIFICATION OF BUDGET

ADOPTION OF BUDGET INFORMATION:

In compliance with Sections 10-6-111, 10-6-113, 10-6-118, 59-2-919 and 59-2-923, *Utah Code*, as amended which states in effect:

“On or before the first regularly scheduled town council meeting of May, the mayor shall prepare for the ensuing year, a tentative budget for each fund for which a budget is required. The council shall review, consider and tentatively adopt the tentative budget and shall establish the time and place of the public hearing to receive public comment on the budget. Before June 22, or in the case of a property tax increase before August 17, the governing body shall by resolution or ordinance adopt a budget for the ensuing fiscal period for each fund for which a budget is required. A copy of the final budget for each fund shall be filed with the State Auditor within 30 days after adoption.”

I, the undersigned, certify that the attached budget document is a true and correct copy of the budget of \_\_\_\_\_ City for the fiscal year ending \_\_\_\_\_, 20\_\_\_\_ as approved and adopted by resolution or ordinance dated \_\_\_\_\_, 20\_\_\_\_. A public hearing meeting the requirements specified in *Utah Code* section (indicate which):

[ ] 10-6-113-118 (no increase in tax rate - final budget adopted by June 22);

[ ] 59-2-918-920 (increase in tax rate - final budget adopted by August 17)

was held on \_\_\_\_\_, 20\_\_\_\_ for all budgetary funds.

Signed:

(Budget Officer)

Subscribed and sworn to this \_\_\_\_\_ day

of \_\_\_\_\_, 20\_\_\_\_.

(Notary Public)

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Governmental Unit

## Fiscal Year

## GENERAL FUND REVENUES

[illegible]

Governmental Unit

Fiscal Year

GENERAL FUND REVENUES

Account Number	Source of Revenue	Prior Year Actual Revenue 20_____	Current Year Estimate	Ensuing Year Approved Budget Appropriation
3400	<b>CHARGES FOR SERVICES</b>			
3410	General Government			
3411	Court Costs, Fees & Charges (Clerk)			
3412	Recording of Legal Documents (Recorder)			
3413	Zoning & Subdivision Fees			
3415	Sale of Maps & Publications			
3416	Auditor's Fees			
3417	Surveyor's Fees			
3418	Treasurer's Fees			
3420	Public Safety			
3421	Special Police Services			
3422	Special Protective Services			
3423	Corrective Fees (Jail)			
3430	Streets & Public Improvements			
3431	Street, Sidewalk & Curb Repairs			
3432	Parking Meter Revenue			
3433	Street Lighting Charges			
3440	Sanitation			
3441	Sewer Charges			
3442	Street Sanitation Charges			
3443	Refuse Collection Charges			
3444	Sale of Waste & Sludge			
3445	Weed Removal & Cleaning Charges			
3450	Health			
3470	Parks and Public Property			
3480	Cemeteries			
3490	Miscellaneous Services: _____			
3500	<b>FINES AND FORFEITURES</b>			
3510	Fines			
3520	Forfeitures			
3600	<b>MISCELLANEOUS REVENUE</b>			
3610	Interest Earnings			
3620	Rents & Concessions			
3640	Sale of Fixed Assets - Compensation for Loss			
3650	Sale of Materials & Supplies			
3670	Sales of Bonds			
3680	Other Financing - Capital Lease Obligations			

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Governmental Unit

Fiscal Year

## GENERAL FUND REVENUES

[illegible]

Governmental Unit

Fiscal Year

GENERAL FUND EXPENDITURES

Account Number	Nature of Expenditure	Prior Year Actual Expenditures 20____	Current Year Estimate	Ensuing Year Approved Budget Appropriation
4100	<b>GENERAL GOVERNMENT</b>			
4110	Legislative			
4111	Commission or Council			
4112	Legislative Committees & Special Bodies			
4113	Ordinances & Proceedings			
4120	Judicial			
4121	City & Precint Courts			
4122	Juvenile Court			
4123	District & Circuit Courts			
4124	Law Library			
4130	Executive & Central Staff Agencies			
4131	Executive			
4132	Boards & Commisions			
4133	Central Purchasing			
4134	Personnel			
4135	Budgeting			
4136	Data Processing			
4137	Microfilming			
4140	Administrative Agencies			
4141	Auditor			
4142	Clerk			
4143	Treasurer			
4144	Recorder			
4145	Attorney			
4146	Surveyor			
4147	Assessor			
4150	Non-Departmental			
4160	General Governmental Buildings			
4170	Elections			
4180	Planning & Zoning			
4190	Education & Community Promotion			
4200	<b>PUBLIC SAFETY</b>			
4210	Police Department			
4220	Fire Department			
4230	Corrections (Jail)			
4240	Protective Inspection			
4250	Other Protective			
4252	Agricultural Inspection			
4253	Animal Control & Regulation			
4254	Flood Control			
4255	Emergency Services (Civil Defense)			



Governmental Unit

Fiscal Year

GENERAL FUND EXPENDITURES

Account Number	Nature of Expenditure	Prior Year Actual Expenditures 20_____	Current Year Estimate	Ensuing Year Approved Budget Appropriation
4300	<b>PUBLIC HEALTH</b>			
4310	Health Services			
4360	Infirmaries			
4400	<b>HIGHWAYS &amp; PUBLIC IMPROVEMENTS</b>			
4410	Highways			
4415	Class "B" Road Program			
4420	Sanitation			
4430	Sewage Collection & Disposal			
4440	Shop & Garage			
4500	<b>PARKS, RECREA. &amp; PUBLIC PROPERTY</b>			
4510	Park & Park Areas			
4540	Park Lighting			
4560	Recreation & Culture			
4580	Libraries			
4590	Cemeteries			
4600	<b>COMMUNITY &amp; ECONOMIC DEVEL.</b>			
4610	Community Planning			
4620	Community Development			
4630	Urban Redevelopment & Housing			
4650	Economic Development & Assistance			
4660	Economic Opportunity			
4700	<b>DEBT SERVICE</b>			
4710	Principal and Interest			
4800	<b>TRANSFERS AND OTHER USES</b>			
4810	Transfer to:			
4820	Transfer to:			
	Transfer to:			
	Transfer to:			
	Transfer to:			

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Governmental Unit

Fiscal Year

## GENERAL FUND EXPENDITURES

[illegible]

Governmental Unit

Fiscal Year

SPECIAL REVENUE FUND (Explain Nature of Fund)

FORM 1

Account Number	Description	Prior Year Actual 20____	Current Year Estimate	Ensuing Year Approved Budget Appropriation
	<b>REVENUES:</b>			
	<b>OTHER SOURCES:</b>			
	Transfer from:			
	Usage of beginning fund balance			
	<b>TOTAL REVENUES &amp; OTHER SOURCES</b>			
	<b>EXPENDITURES:</b>			
	<b>OTHER USES:</b>			
	Transfer to:			
	Budgeted increase in fund balance			
	<b>TOTAL EXPENDITURES &amp; OTHER USES</b>			

SPECIAL REVENUE FUND (Explain Nature of Fund)

FORM 1

Account Number	Description	Prior Year Actual 20____	Current Year Estimate	Ensuing Year Approved Budget Appropriation
	<b>REVENUES:</b>			
	<b>OTHER SOURCES:</b>			
	Transfer from:			
	Usage of beginning fund balance			
	<b>TOTAL REVENUES &amp; OTHER SOURCES</b>			
	<b>EXPENDITURES:</b>			
	<b>OTHER USES:</b>			
	Transfer to:			
	Budgeted increase in fund balance			
	<b>TOTAL EXPENDITURES &amp; OTHER USES</b>			

Governmental Unit

Fiscal Year

CAPITAL PROJECTS FUND

FORM 4

Account Number	Description	Prior Year Actual 20____	Current Year Estimate	Ensuing Year Approved Budget Appropriation
	<b>REVENUES:</b>			
	Transfers from General Fund			
	Interest Income			
	Other additions			
	<b>TOTAL REVENUE</b>			
	<b>Beginning Fund Balance</b>			
	<b>TOTAL AVAILABLE FOR APPROPR.</b>			
	<b>EXPENDITURES:</b>			
	<b>TOTAL EXPENDITURES</b>			
	<b>Ending Fund Balance</b>			

OTHER FUNDS (Explain nature of fund)

Account Number	Description	Prior Year Actual 20____	Current Year Estimate	Ensuing Year Approved Budget Appropriation
	<b>REVENUES:</b>			
	Transfers from General Fund			
	Interest Income			
	Other additions			
	Beginning fund balance to be appropriated			
	<b>TOTAL REVENUE</b>			
	<b>EXPENDITURES:</b>			
	Appropriated increase in fund balance			
	<b>TOTAL EXPENDITURES</b>			

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Governmental Unit

Fiscal Year

## DEBT SERVICE FUND

FORM 2

[illegible]

Governmental Unit

Fiscal Year

ENTERPRISE OR INTERNAL SERVICE FUND: \_\_\_\_\_

FORM 3

Account Number	Description	Prior Year Actual 20_____	Current Year Estimate	Ensuing Year Approved Budget Appropriation
	OPERATING REVENUE:			
	Charges for Services			
	Interest Earned			
	Other: _____			
	TOTAL OPERATING REVENUE			
	OPERATING EXPENSES:			
	Personal Services			
	Contractual Services			
	Material and Supplies			
	Depreciation			
	Other			
	TOTAL OPERATING EXPENSE			
	OPERATING INCOME (LOSS)			
	NON-OPERATING REVENUE (EXPENSES)			
	AND TRANSFERS:			
	Connection Fees			
	Interest Expense			
	Capital Contributions from Outside Sources			
	Operating transfers from:			
	Operating transfers to:			
	NET INCOME (LOSS)			

ANALYSIS OF CASH REQUIREMENTS:

	CASH OPERATING NEEDS:			
	Net Income (Loss)			
	Plus: Depreciation			
	Less: Major Improvements & Capital Outlay			
	Bond Principal Payments			
	TOTAL CASH PROVIDED (REQUIRED)			
	SOURCE OF CASH REQUIRED:			
	Cash Balance at Beginning of Year			
	Invest. & Other Curr. Assets to be Converted			
	Issuance of Bonds and Other Debt			
	Loans from Other Funds			
	TOTAL CASH REQUIRED			

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. D.01  
**Page:** 1 of 3  
**Subject:** Annual Financial Reports  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

The financial statements represent the final product of the entire process of accounting techniques and procedures employed to record the financial transactions of a city. They provide the administrative officials, the local citizenry, state and federal agencies, etc., the tools with which to analyze and appraise the financial condition of a city and the results of its operations for a given period of time. The financial statements of cities are also being reviewed and studied for a variety of other reasons, such as: impact studies for energy-related or other impact issues, governmental consolidation and incorporation and other governmental structure issues, and for comparing taxes and costs of services of one city to other cities similar in size.

It is important that the financial statements of cities be uniform for many reasons, including those listed above. The concept of uniform financial reporting as well as budgeting and accounting are stressed in several sections of the *Utah Code*:

10-6-102. "This chapter is intended to provide uniform accounting, budgeting, and financial reporting procedure for cities."

10-6-154. This section sets forth the requirements for the State Auditor with the advice of the municipal governmental fiscal committee to "prescribe uniform accounting and reporting procedures for cities, in conformity with generally accepted accounting principles."

67-3-1. This chapter lists the functions and duties of the State Auditor. Which includes in part (k) to "establish accounting systems, methods, and forms for public accounts in all taxing units of the State in the interest of uniformity, efficiency and economy."

Part I.C of this manual sets forth the requirements for financial reports to be in accordance with generally accepted accounting principles (GAAP) and also sets forth additional state and federal compliance reporting requirements.

In the interest of uniformity, Section I.C (General Section) and III.D (City Section) outline specific reporting requirements that, while in accordance with GAAP, go beyond the requirements of GAAP either in reporting detail or specifically setting forth a reporting method for which GAAP allows optional reporting methods. An example of this concept is State road funds which are required to be reported in the general fund by the State Auditor but which are provided optional reporting methods by GAAP.

10-6-150. Annual financial reports - Independent Audit Reports.

Within 180 days after the close of each fiscal year the city recorder or other delegated person shall present to the governing body an annual financial report prepared in conformity with generally accepted accounting principles, as prescribed in the *Uniform Accounting Manual for Utah Cities*. This requirement

## STATE OF UTAH

### UNIFORM ACCOUNTING MANUAL

**Reference:** III. D.01  
**Page:** 2 of 3  
**Subject:** Annual Financial Reports  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

may be satisfied by presentation of the audit report furnished by the independent auditor, if the financial statements included are appropriately prepared and reviewed with the governing body. Notwithstanding the acceptability of the audit report furnished by the independent auditor in substitution for financial statements prepared by an officer of the city, the governing body has the responsibility for those financial statements. The independent auditor has the responsibility of reporting whether the governing body's financial statements are prepared in conformity of reporting whether the governing body's financial statements are prepared in conformity with generally accepted accounted principles. Copies of the annual financial report or the audit report furnished by the independent auditor shall be filed with the State Auditor and shall be filed as a public document in the office of the city recorder.

*Utah Code* Sections 51-2a-201 and 202 requires an annual financial report to be prepared and submitted to the State Auditor's Office by all political subdivisions, interlocal organizations, and other local entities.

These sections provide that unless required by the State Auditor, smaller governmental units may be exempt from the requirement to have an audit but they are still required to prepare or have prepared a financial report and file that report with the State Auditor's Office within six months after the end of the fiscal year. *Utah Code* Section 51-2a-201 establishes the following criteria:

- (1) The governing board of an entity whose revenues or expenditures of all funds is \$350,000 or more shall cause an audit to be made of its accounts by a competent certified public accountant.
- (2) Unless otherwise required by the state auditor under Section 51-2a-301, the governing board of an entity whose revenues or expenditures of all funds is at least \$200,000 but less than \$350,000 shall cause a review to be made of its accounts by a certified public accountant.
- (3) Unless otherwise required by the state auditor under Section 51-2a-301, the governing board of an entity whose revenues or expenditures of all funds is at least \$100,000 but less than \$200,000 shall cause a compilation to be made of its accounts by a certified public accountant.
- (4) Unless otherwise required by the state auditor under Section 51-2a-301, the governing board of an entity whose revenues and expenditures of all funds is less than \$100,000 shall cause a fiscal report to be made on forms provided by the state auditor.

These forms consist of two statements – a Balance Sheet/Statement of Net Assets and a Statement of Revenues, Expenditures and Changes in Fund Balance/Equity. Although the format of these statements, as presented, is NOT in accordance with all requirements of Generally Accepted Accounting Principles, they should provide sufficient disclosure for smaller governmental units.

A compilation of financial statements consists of presenting the financial information applicable to the city in a format that is in conformance with Generally Accepted Accounting Principles. Use of the proper format will allow comparability with financial statements of other towns and provide the needed financial information for research, monitoring, and other purposes. No test work, however, is performed by the



# **STATE OF UTAH**

## **UNIFORM ACCOUNTING MANUAL**

**Reference:** III. D.01  
**Page:** 3 of 3  
**Subject:** Annual Financial Reports  
**Effective Date:** 1 July 1986  
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independent certified public accounting and the amount and contents of the financial statements are strictly the representations of the town officials.

A review report is substantially the same as a compilation, however, there is an additional injury and analytical review procedure performed in the financial statements which “provide the accountant with a reasonable basis for expressing limited assurance that they is no material modification that should be made to the statements in order for them to be in conformity with Generally Accepted Accounting Principles....”

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. D.02  
**Page:** 1 of 3  
**Subject:** Financial Statement Presentation of Budget Information for Governmental Fund Types  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

### 1. **Budgetary reporting in connection with the basic financial statements.**

Budget-to-actual comparisons are required by GASB in connection with the basic financial statements for the general fund and any major individual special revenue funds for which legally adopted annual budgets are adopted. These comparisons may be presented either as the third of the basic governmental fund financial statements or as required supplementary information (RSI). The State Auditor's Office along with the GFOA recommends that these budgetary comparisons be presented as part of the basic governmental fund financial statements.

Budget to actual comparisons for the debt service, capital project and minor special revenue funds must appear in the supplementary information section of the financial report...never in the body of the financial report or in the required supplementary information section of the report.

At minimum, the budgetary comparison must include the following: Original budget (the first complete appropriated budget), the final amended budget, and actual amounts. GAAP encourage governments to present a variance column to highlight differences between actual amounts and the final amended budget. Governments also have the option of presenting a variance column for differences between the original budget and the final amended budget. A city can take one of two approaches to format the budgetary comparison: the budget document approach or the financial statement approach.

**For those entities submitting a comprehensive annual financial report**, which is a level of reporting more exacting and extensive than just the basic financial statement, the GFOA indicates that budget-to-actual comparisons must be presented at the *legal level of budgetary control* within the CAFR for *all* individual governmental funds with legally adopted annual budgets (including capital projects funds, debt service funds, permanent funds, and non-major special service funds.)

A potential problem exists in reporting budgets for capital projects that extend beyond one fiscal year since *Utah Code* Section 10-6-109(2) provides that capital projects budgets should coincide with the term of the individual project or projects. If the capital project is financed entirely from bonded indebtedness and/or funds previously set aside from the capital projects, the budget would not need to be reported in the Budget to Actual Statement. However, the budget and progress on the project would need to be reported in the notes, i.e., original budget changes in the budget (which may require a hearing), expenditures to date, anticipated future expenditures, and total estimated cost.

Projects financed with an annual appropriation will still need to be reported in the Budget to Actual Statement on an annual basis.

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. D.02  
**Page:** 2 of 3  
**Subject:** Financial Statement Presentation of Budget Information for Governmental Fund Types  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

2. Several questions have been raised regarding the presentation of this financial statement in the annual audit report.
  - A. How should budget information be shown to reflect a balanced budget as required by *Utah Code* Section 10-6-110 when accumulated beginning fund balance is being used to finance part of the expenditures? (Fund balance usage in the general fund is restricted by *Utah Code* Section 10-6-116. *Utah Code* Section 10-6-117 sets forth requirements for usage of excess fund balance.)

For governmental fund types other than the general fund, *Utah Code* Section 10-6-110 does not preclude the usage of fund balance to finance expenditures. However, to comply with the intent of Section 10-6-110 any usage of fund balance should be budgeted as an available resource for appropriation purposes. Even though it is treated as a budgeted resource in the budget process, the usage of beginning fund balance to help finance expenditures for these fund types should not be reflected as revenues or resources on this budget and actual comparison. In the general fund, as in other budgeted governmental fund types, the usage of fund balance to finance expenditures should be reflected after all revenue, expenditures, and other financing sources and uses are presented. This line should be entitled "Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses". However, in the general fund, because of the restrictions of *Utah Code* Section 10-6-116 and 10-6-117, a brief explanation should either be given after this heading or footnote disclosures made of what fund balance is being used to finance expenditures. Possible explanations could be "general fund - usage of excess fund balance as statutorily required" or "general fund - usage of reserved 'road fund' fund balance"

- B. How should the budget and actual comparison reflect more budgeted revenues and other sources than budgeted expenditures and other uses?

This is a budgeted increase in fund balance. Again, no special treatment or disclosure is required on this financial statement for governmental fund types other than the general fund since the accumulation of fund balance in these fund types is not restricted. However, as noted above, planned increase in fund balance should be treated in the city budget process as a usage of financial resources in order to comply with the intent of Section 10-6-110. In the general fund, an excess of budgeted revenue and other sources over budgeted expenditures and other uses may reflect a city's desire to increase their unreserved fund balance or it may reflect the fact that more restricted revenues are received in one year than the city anticipates spending (for example, state allocated road funds). Since *Utah Code* Sections 10-6-116 and 117 restrict the accumulation of fund balance in the general fund, any budgeted increase in the fund balance should be

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. D.02  
**Page:** 3 of 3  
**Subject:** Financial Statement Presentation of Budget Information for Governmental Fund Types  
**Effective Date:** 1 July 1986  
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explained in this financial statement or in footnote disclosure. Possible explanations could be: “general fund – increase in reserved ‘road fund’ fund balance” or “general fund – budgeted increase in unreserved fund balance”.

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. D.02.01  
**Page:** 1 of 1  
**Subject:** RDA - Annual Reporting Requirements  
**Effective Date:** 1 January 1997  
**Revision Date:** 1 July 2005

Each redevelopment agency with expenditures in excess of \$350,000 is required to have an audit in accordance with Title 51, Chapter 2a. In addition to the audit, each agency is required to file a report on or before November 1 of each year disclosing the information listed in *Utah Code* Section 1B-4-1305. This report should go to their county auditor, the State Tax Commission, the State Board of Education and each property taxing entity affected by the distribution of property taxes.

In accordance with *Utah Code* Section 17B-4-1305, the city's redevelopment agency is required to disclose the following information in an annual report:

- (a) the tax increment collected by the agency for each project area;
- (b) the amount of tax increment paid to any taxing agency pursuant to Section 17B-4-1008.
- (c) the outstanding principal amount of bonds issued or other loans incurred to finance the costs associated with the project areas;
- (d) the actual amount expended for:
  - (i) acquisition of property;
  - (ii) site improvements or preparation costs
  - (iii) installation of public utilities or other public improvements; and
  - (iv) administrative costs of the agency.

The State Auditor's Office has taken the position that the redevelopment agency may chose to submit the report separately or as a footnote in the agency's annual audit. If the agency chooses the later, then the annual audit report should be submitted to the State Auditor's office by November 1 rather than December 31.

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. D.03  
**Page:** 1 of 1  
**Subject:** Interim Financial Reports  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

*Utah Code* Sections 10-6-147 and 148 prescribe the interim reporting requirements for cities.

10-6-147. Quarterly financial reports - First and second class cities.

The city auditor in cities of the first and second class shall prepare and present to the governing body appropriate quarterly financial reports, prepared in the manner prescribed in the *Uniform Accounting Manual for Utah Cities*.

10-6-148. Monthly and quarterly financial reports – Third, fourth, and fifth class cities.

The city recorder or other delegated person in each city of the third, fourth, or fifth class shall prepare and present to the governing body monthly summary financial reports and quarterly detail financial reports, prepared in the manner prescribed in the *Uniform Accounting Manual for Utah Cities*.

These interim financial reports are critical to the fiscal management of a city. The budgetary controls under which city officials are required to operate cannot be monitored by the governing body and other affected officials without interim financial reports. Also, accurate and timely interim financial reports are necessary for the governing body to be able to monitor the overall financial condition of their city.

Quarterly detailed financial reports are required for all cities. These reports should be presented at the same level of detail as the budgets were prepared on so that budgeted revenue projections and departmental expenditure control can be monitored. Third class cities are also required to prepare summary information on a monthly basis.

The following interim financial reports are presented for illustrative purposes and may be used on a monthly or quarterly basis. A city may modify the format of these statements (such as to show greater revenue detail), or they may develop their own format. The important point to remember is that interim financial reports should be presented to the governing body at least quarterly with a level of detail sufficient to determine departmental budgetary compliance and to be able to evaluate the city's financial condition.

ILLUSTRATED INTERIM FINANCIAL REPORT  
AND COMPARISON WITH THE BUDGET  
Governmental Fund Types  
(General, Special Revenue, Debt Service, Capital Projects)

\_\_\_\_\_ FUND

FOR THE \_\_\_\_\_ MONTHS ENDED \_\_\_\_\_

	Annual Budget	Current Period	Year to Date	Percent of Budget	
				Current Year	Prior Year
REVENUES:					
Property tax	_____	_____	_____	_____	_____
Sales tax	_____	_____	_____	_____	_____
Intergovernmental	_____	_____	_____	_____	_____
Fines/forfeitures	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____
TOTAL REVENUES	_____	_____	_____	_____	_____
EXPENDITURES:					
General government	_____	_____	_____	_____	_____
Public safety	_____	_____	_____	_____	_____
Public health	_____	_____	_____	_____	_____
Highways & public imprvmnts.	_____	_____	_____	_____	_____
Parks & recreation	_____	_____	_____	_____	_____
Economic development	_____	_____	_____	_____	_____
Principal & interest	_____	_____	_____	_____	_____
Capital outlay	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____
TOTAL EXPENDITURES	_____	_____	_____	_____	_____
Excess of revenues over (under) expenditures	_____	_____	_____	_____	_____
OTHER FINANCING SOURCES & USES:					
Transfers from (to) other funds	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____
TOTAL OTHER FINANCING SOURCES & USES	_____	_____	_____	_____	_____
Excess of revenues over (under) expenditures & other sources & uses	=====	=====	=====	=====	=====

ILLUSTRATED INTERIM FINANCIAL REPORT  
AND COMPARISON WITH THE BUDGET  
Enterprise and Similar Fund Operations

\_\_\_\_\_ FUND

FOR THE \_\_\_\_\_ MONTHS ENDED \_\_\_\_\_

	Annual Budget	Current Period	Year to Date	Percent of Budget	
				Current Year	Prior Year
REVENUES:					
Charges for services	_____	_____	_____	_____	_____
Interest	_____	_____	_____	_____	_____
Contributions/Grants	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____
TOTAL REVENUES	_____	_____	_____	_____	_____
EXPENSES:					
Personal services	_____	_____	_____	_____	_____
Contractual services	_____	_____	_____	_____	_____
Materials & supplies	_____	_____	_____	_____	_____
Utilities	_____	_____	_____	_____	_____
Depreciation	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____
TOTAL EXPENSES	_____	_____	_____	_____	_____
Transfers from (to) other funds	_____	_____	_____	_____	_____
Net income	_____	_____	_____	_____	_____
Beginning retained earnings	_____	_____	_____	_____	_____
Ending retained earnings	=====	=====	=====	=====	=====

Reconciliation of Accounts Receivable  
Customer Charges and Collections

Accounts receivable - beginning of period	\$ _____
ADD: Billings this period	\$ _____
(LESS): Collections this period	\$ _____
Accounts receivable - end of period	\$ _____



# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. E.01  
**Page:** 1 of 2  
**Subject:** Responsibilities of Governing Body  
**Effective Date:** 1 April 1987  
**Revision Date:** 1 July 2005

The overall fiscal responsibility and accountability of a city rests with its governing body. Even though specific fiscal responsibilities are given by law to specific elected or appointed city officials, the governing body, through their powers to appoint, review and prescribe rules and regulations, are responsible for the overall fiscal affairs of the city.

The mayor, with the advice and consent of the council in third, fourth, and fifth class cities and cities with the optional council-mayor form of government, appoints the city recorder and treasurer and other city officials, as specified. In first and second class cities not organized under the optional forms of governments, these positions are appointed by the governing body.

The governing body has the following specific fiscal administrative responsibilities as set forth in the Uniform Fiscal Procedures Act for Cities.

10-6-111(3) Each Tentative budget shall be reviewed, considered and tentatively adopted by the governing body.

10-6-114 Governing body shall hold a public hearing on the tentatively adopted budget.

10-6-116(5)(a) Governing body may appropriate money for capital improvements if a formal long-range capital plan has been adopted.

10-6-117(1) The governing body of any city shall not make any appropriation in the final budget of any fund in excess of the estimated expendable revenue for the budget year of such fund.

10-6-118, Before June 22, the governing body adopts the proposed tax rate and budget by  
10-6-133 resolution or ordinance. If there is no increase in the certified tax rate, a final tax rate and budget are adopted before June 22.

The proposed or final tax rate must also be submitted to county auditor before June 22. If the city sets a proposed tax rate which exceeds the certified tax rate, it shall not adopt its final budget until the public hearing specified in *Utah Code* Section 59-2-919 has been held. Until the hearing is held and a final budget and tax rate are adopted, the city may expend monies based on, (1) its tentative budget after adoption, or (2) its prior year's adopted final budget as amended, which must be readopted by resolution at a regular meeting of the governing body. Latest possible date for adoption in the case of an increased tax rate is August 17.

10-6-122 Governing body to adopt by ordinance or resolution city purchasing procedures.

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. E.01  
**Page:** 2 of 2  
**Subject:** Responsibilities of Governing Body  
**Effective Date:** 1 April 1987  
**Revision Date:** 1 July 2005

- 10-6-125 thru 128 Governing body's responsibilities for budget modifications.
- 10-6-129 The governing body may approve emergency expenditures.
- 10-6-131 The governing body is responsible for disposition of unneeded balances remaining in special funds.
- 10-6-132 The governing body may authorize loans from one fund to another.
- 10-6-135 Governing body shall adopt budgets for enterprise funds.
- 10-6-136 Governing body may increase budgets in enterprise funds.
- 10-6-139 Governing body (or as otherwise provided in the law) shall approve all claims against the city.
- 10-6-147 and 148 Governing body to review monthly or quarterly reports of city's financial condition.
- 10-6-151 Governing body shall appoint an independent auditor.
- 10-6-158 and 159 The governing body, under the council-mayor optional form of government, shall, and the governing body of any other city may, adopt a financial administration ordinance.

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. E.02  
**Page:** 1 of 1  
**Subject:** Mayor Responsibilities  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

In addition to the responsibilities the mayor may have as a member of the governing body as set forth on the previous page, the mayor's fiscal responsibilities as provided in the law include the following:

- 10-3-809 (Third, Fourth and Fifth Class Cities and Towns)(1) Shall be the chief executive officer to whom all employees of the municipality shall report. (4) May at any reasonable time examine and inspect the books, papers, records or documents of the city or town or of any officer, employee or agent of the city or town.
- 10-3-810 Mayor may not serve as recorder or treasurer.
- 10-3-1219 (Council-Mayor Optional Form) The mayor shall be the chief executive and administrative officer who shall have the power and duty to:
- (f) Exercise control of all departments, divisions, and bureaus within the municipal government;
  - (h) Appoint a budget officer to serve in place of the mayor for the purpose of conforming with the requirements of the Uniform Municipal Fiscal Procedures Act and in all other respects fulfill the requirements of that act;
  - (i) Furnish the municipal council with a report periodically, as determined by ordinance, that is available for public inspection and sets forth:
    - (i) the amounts of all budget appropriations;
    - (ii) the total disbursements to date from these appropriations;
    - (iii) the amount of indebtedness incurred or contracted against each appropriation, including disbursements and indebtedness incurred and not paid; and
    - (iv) the percentage of the appropriations encumbered to date.
- 10-6-106(5) "Budget officer" means the city auditor in a city of the first and second class, the mayor or some person appointed by the mayor with the approval of the city council in a city of the third, fourth, or fifth class, the mayor in the council-mayor optional form of government, or the person designated by the charter in a charter city.
- 10-6-139 The mayor in the council-mayor optional form of government and other mayors if so provided by Financial Administration Ordinance (*Utah Code* Section 10-6-158 & 159) may have the responsibility to approve claims against the city.

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. E.03  
**Page:** 1 of 1  
**Subject:** Auditor/Recorder Responsibilities  
**Effective Date:** 1 April 1987  
**Revision Date:** 1 July 2005

As provided by *Utah Code* Sections 10-3-203 and 204, cities of the first and second class (other than those operating under the optional council-mayor form) shall have an elected city auditor. The city auditor may also serve as the city recorder, and in the third class cities, “the city recorder shall be ex officio the city auditor and shall perform the duties of such office (*Utah Code* Section 10-3-916).” Accordingly, fiscal responsibilities for auditors and recorders are combined for purposes of this manual.

City auditors in first and second class cities and recorders who have been appointed as the “budget officer” are responsible to ensure that the budgetary procedures of the city are in compliance with the budget laws as outlined in Section III.C of this manual.

The following is a summary of the sections in the Uniform Fiscal Procedures Act that pertain to city auditors or recorders.

- |                       |   |
|-----------------------|---|
| 10-6-134,<br>59-2-912 | Certification by the city recorder of the ordinance or resolution setting the property tax rate is to be made to the county auditor before June 22. |
| 10-6-137<br>and 138   | City recorder to attend meetings, keep records and countersign contracts.   |
| 10-6-139              | Bookkeeping duties of city recorder or auditor.   |
| 10-6-140              | Warrants for payment of claims to be drawn when funds are unavailable to pay claims.  |
| 10-6-142              | City auditor or recorder to receive a duplicate copy of all receipts issued by the city treasurer.  |
| 10-6-147              | City auditor of first and second class cities to prepare and present quarterly financial reports to governing body.                                 |
| 10-6-148              | City recorder of third class cities to prepare monthly and quarterly financial reports.   |
| 10-6-150              | Independent audit report may satisfy annual financial report.   |
| 10-6-157              | Financial director may not assume duties of treasurer.  |

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. E.04  
**Page:** 1 of 2  
**Subject:** Treasurer Responsibilities  
**Effective Date:** 1 July 1987  
**Revision Date:** 1 July 2005

The following is a general summary of statutes related to the city treasurer. Reference is made to the appropriate section in the *Utah Code*, where the complete statute may be found.

- 10-3-716 Treasurer to receive fines and forfeitures for violations of any ordinance within seven days after collection date.
- 10-3-819 Treasurer to execute bond before taking office (1<sup>st</sup> and 2<sup>nd</sup> class cities).
- 10-3-905 Receive fees paid in advance for city engineer services.
- 10-3-821 Amount of bond of treasurer set by money management council. (See I.C.05.02)
- 10-3-825 Additional bond may be required of all officials. Treasurer to receive and file the bond of the recorder.
- 10-3-921 All monies received by bail commissioners shall be delivered to the court that issued the commitment order within 3 days of receipt of the money.
- 10-6-141 City Treasurer: (1) Custodian of all money, bonds, and securities belonging to the city; (2) Determine the cash requirements of the city and provide for the investment of all idle cash; (3) Receive all money payable to the city including all taxes, licenses and fines and keep accurate and detailed account thereof; (4) Shall collect all special taxes and assessments.
- 10-6-142 City treasurer shall give a receipt to every person paying money into the treasury and file a duplicate receipt with the auditor or recorder.
- 10-6-143 The treasurer (or deputy treasurer in absence) shall sign all checks after making sure sufficient amount of money is on deposit to honor the check.
- 10-6-144 The treasurer shall pay all warrants in the order received (see *Utah Code* Section 10-6-140).
- 10-6-145 Special assessment funds are to be used only for the special improvements and for no other purpose. (Refer to Section III.A.02.05 for changes in reporting of special assessment funds effective 7-1-87)
- 10-6-146 Treasurer to keep personal money and city money separate. May be removed from office for misuse of funds.
- 10-6-157 Treasurer may not also serve as finance director.
- 51-7-5 Municipal treasurers may transfer funds to state treasurer for investment purposes and may withdraw them from state treasurer.

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. E.04  
**Page:** 2 of 2  
**Subject:** Treasurer Responsibilities  
**Effective Date:** 1 July 1987  
**Revision Date:** 1 July 2005

- 51-7-11 Treasurer will authorize deposits or investments of public funds.
- 51-7-14 Prudent man rule for investments and selling investments at less than costs.
- 51-7-15 Amounts of treasurers bonds set by the Money Management Council. Investment reports to be filed with council.

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. E.05  
**Page:** 1 of 1  
**Subject:** Director of Finance Responsibilities  
**Effective Date:** 1 July 2005  
**Revision Date:**

10-6-157      The Director of Finance is to perform the financial duties and responsibilities of the city recorder in third, fourth, or fifth class cities or the city auditor in first and second class cities. The finance director may not assume the duties of the city treasurer.

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. F.01  
**Page:** 1 of 1  
**Subject:** Encumbrance System  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

All first and second class cities and third class cities are required by *Utah Code* to use an encumbrance system. An encumbrance system is a budgetary procedure whereby funds are reserved from an appropriation account at the point when the purchase order is executed without waiting for the receipt of merchandise and the related invoice. *Utah Code* Section 10-6-121 sets forth the requirements for use of an encumbrance system and the procedures to be followed by the budget officer.

10-6-121. Departmental expenditures - Encumbrance system - Budget officer's duties - Purchase order - Quarterly allotments.

- (1) The budget officer shall require all expenditures by any department to conform with the departmental budget.
- (2) No appropriation may be encumbered and no expenditures may be made against any departmental appropriation unless there is sufficient unencumbered balance in the department's appropriation, except in cases of emergency as provided by this chapter.
- (3) All encumbrances reported as outstanding as of the fiscal period end shall be supported by a purchase order issued on or before the last day of the fiscal period and approved by the mayor in the council-mayor optional form of government or the governing body or its delegate in other cities, as provided under this chapter.



# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. F.02  
**Page:** 1 of 1  
**Subject:** Purchasing Procedures  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

*Utah Code* Section 10-6-122 requires:

All purchases or encumbrances thereof by a city shall be made or incurred according to the purchasing procedures established by each city by ordinance or resolution and only on an order or approval of the person duly authorized to act as a purchasing agent for the city. (Emphasis added.)

The 1980 Utah State Legislature modified the “Utah Procurement Code” and exempted cities from the provisions of the act. However, each city must by ordinance or resolution, establish purchasing procedures that are not inconsistent with the appropriate section of the Utah Procurement Code. A model purchasing policy is provided on page III.F.02.01. The city may use this for a guide or starting point in developing its own purchasing policy.

The Utah State Purchasing Division has prepared a booklet entitled “*Purchasing Policies and Procedures*.” This booklet may be a beneficial resource to cities either in updating current purchasing procedures or for cities currently developing or planning to develop purchasing procedures to be formally adopted. This booklet may be obtained at a cost of four dollars from the State Purchasing Division, Room 3150 State Office Building, Salt Lake City, Utah 84114 (538-3026).

Cities are encouraged to take advantage of the purchasing power of the State by purchasing goods or services under Utah State purchasing contracts. In addition to reduced prices, cities can save time by not having to price shop for items covered by State contracts. Additional information concerning this program can also be obtained through the State Purchasing Division.

Cities are also encouraged to be aware of the availability of Surplus Property that may be purchased through the State Agency for Surplus Property, 447 West 13800 South, Draper, Utah, 84020 (801) 619-7200.

## MODEL PURCHASING POLICY FOR CITIES

### ARTICLE 1 GENERAL PROVISIONS

- A. The underlying purposes of this policy are:
  - 1. To ensure fair and equitable treatment of all persons who wish to, or do conduct business with the \_\_\_\_\_ City.
  - 2. To provide for the greatest possible economy in City procurement activities.
  - 3. To foster effective broad-based competition within the free enterprise system to ensure that the City will receive the best possible service or product at the lowest possible price.
  
- B. Compliance - Exemptions from this policy.
  - 1. This policy shall not prevent the City from complying with the terms and conditions of any grant, gift, or bequest that is otherwise consistent with law.
  - 2. When a procurement involves the expenditure of federal assistance funds, the City shall comply with applicable federal law and regulations
  
- C. Definitions.
  - 1. "Business" means any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other private legal entity.
  - 2. "Change order" means a written order signed by the purchasing agent, directing the contractor to suspend work or make changes, which the appropriate clauses of the contract authorize the purchasing agent to order without consent of the contractor or any written alteration in specifications, delivery point, rate of delivery, period of performance, price quantity, or other provisions of any contract accomplished by mutual action of the parties to the contract.
  - 3. "Contract" means any City agreement for the procurement or disposal of supplies, services, or construction.
  - 4. "Invitation for bids" means all documents, whether attached or incorporated by reference, used for soliciting bids.
  - 5. "Person" means any business, individual, union, committee, club, other organization, or group of individuals.
  - 6. "Procurement" means buying, purchasing, renting, leasing, leasing with an option to purchase, or otherwise acquiring any supplies, services, or construction.

7. "Purchasing agent" means the person duly authorized by the governing body of the City to enter into and administer contracts and make written determinations with respect thereto.
8. "Purchase description" means the words used in a solicitation to describe the supplies, services, or construction to be purchased, and includes specifications attached to or made a part of the solicitation.
9. "Request for proposals" means all documents, whether attached or incorporated by reference, used for soliciting proposals.

## ARTICLE 2 OFFICE OF THE PURCHASING AGENT

The governing body of the City shall appoint a Purchasing Agent. The Purchasing Agent shall be responsible to make procurements, solicit bids and proposals, enter into and administer contracts, and make written determinations for the City.

## ARTICLE 3 SOURCE SELECTION AND CONTRACT FORMATION - GENERAL PROVISIONS

- A. Purchases not requiring sealed bids.
  1. Purchases costing less than \$\_\_\_\_ in total, shall not require bids of any type. (Purchases shall not be artificially divided so as to constitute a small purchase under this section.)
  2. Purchases costing more than \$\_\_\_\_\_ but less than \$\_\_\_\_\_ in total, shall require \_\_\_\_\_ (2 to 3) telephone bids.
  3. Purchases made through the cooperative purchasing contracts administered by the State Divisions of Purchasing.
  4. Purchases made from a single-source provider.
  5. Purchases required during an emergency, i.e., an eminent threat to the public's health, welfare, or safety. However, as much competition as practical should be obtained; and, such purchases should be limited to amounts necessary to the resolution of the emergency.
- B. Purchases requiring sealed bids.
  1. Contracts shall be awarded by competitive sealed bidding except as otherwise provided by this policy.
  2. An invitation for bids shall be issued when a contract is to be awarded by competitive sealed bidding. The invitation shall include a purchase description and all contractual terms and conditions applicable to the procurement. Public notice of the invitation for bids shall be

given at least \_\_\_\_\_ days prior to the date set forth therein for the opening of bids. The notice may include publication in a newspaper of general circulation.

3. Any procurement in excess of \$\_\_\_\_\_ shall require a legal notice in a local newspaper of general circulation.
4. Bids shall be opened publicly in the presence of one or more witnesses at the time and place designated in the invitation for bids. The amount of each bid and any other relevant information, together with the name of each bidder, shall be recorded. The record and each bid shall be open to public inspection.
5. Bids shall be unconditionally accepted without alteration or correction, except as authorized in this policy. Bids shall be evaluated based on the requirements set forth in the invitation for bids.
6. Correction or withdrawal of inadvertently erroneous bids before or after award, or cancellation of awards or contracts based on such bid mistakes, shall be permitted. After bid opening no changes in bid prices or other provisions of bids prejudicial to the interest of the City or fair competition shall be permitted. All decisions to permit the correction or withdrawal of bids or to cancel awards or contracts based on bid mistakes shall be supported by a written determination made by the purchasing agent.
7. The contract shall be awarded with reasonable promptness, by written notice, to the lowest bidder whose bid meets the requirements and criteria set forth in the invitation for bids.

C. Cancellation and rejection of bids.

An invitation for bids, a request for proposals, or other solicitation may be canceled, or any or all bids or proposals may be rejected, in whole or in part, as may be specified in the solicitation, when it is in the best interests of the City. The reasons shall be made part of the contract file.

D. Use of competitive sealed proposals in lieu of bids.

When the purchasing agent determines in writing that the use of competitive sealed bidding is either not practicable or not advantageous to the City, a contract may be entered into by competitive sealed proposals. Competitive sealed proposals are most appropriately used for professional service-type contracts.

1. Proposals shall be solicited through a request of proposals. Public notice of the request for proposals shall be given at least \_\_\_\_\_ days prior to the advertised date of the opening of the proposals.
2. Proposals shall be opened so as to avoid disclosure of contents to competing offerors during the process of negotiation. A register of proposals shall be prepared and shall be open for public inspection after contract award.

3. The request for proposals shall state the relative importance of price and other evaluating factors.
  4. Offerors shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals, and revisions may be permitted after submissions and prior to award the purpose of obtaining best and final offers. In conducting discussions, there shall be no disclosure of any information derived from proposals submitted by competing offerors.
  5. Award shall be made to the person whose proposal is determined, in writing, to be the most advantageous to the City, taking into consideration price and the evaluation factors set forth in the request for proposals. No other factors or criteria shall be used in the evaluation. The contract file shall contain the basis on which the award is made.
- E. Architect-Engineer services are qualification-based procurement. Requests for such services should be publicly announced. Contracts should be negotiated by the City based on demonstrated competence at fair and reasonable prices. See section 63-56-42 through 44 of the Utah Code.
- F. Determination of nonresponsibility of bidder.
- Determination of nonresponsibility of a bidder or offeror shall be made in writing. The unreasonable failure of a bidder or offeror to promptly supply information in connection with an inquiry with respect to responsibility may be grounds for a determination of nonresponsibility with respect to the bidder or offeror. Information furnished by a bidder or offeror pursuant to this section shall not be disclosed outside of the purchasing division without prior written consent by the bidder or offeror.
- G. Cost-plus-a-percentage-of-cost contracts prohibited.
- Subject to the limitations of this section, any type of contract which will promote the best interests of the City may be used, provided that the use of a cost-plus-a-percentage-of-cost contract is prohibited. A cost-reimbursement contract may be used only when a determination is made in writing that such contract is likely to be less costly to the City than any other type or that it is impracticable to obtain the supplies, services, or construction required except under such a contract.
- H. Required contract clauses.
1. The unilateral right of the City to order, in writing, changes in the work within the scope of the contract and changes in the time of performance of the contract that do not alter the scope of the contract work.
  2. Variations occurring between estimated quantities of work in a contract and actual quantities.
  3. Suspension of work ordered by the City.

#### ARTICLE 4 SPECIFICATIONS

All specifications shall seek to promote overall economy and best use for the purpose intended and encourage competition in satisfying the City's needs, and shall not be unduly restrictive. Where practical and reasonable, and within the scope of this article, Utah products shall be given preference.

#### ARTICLE 5 APPEALS

- A. Any actual or prospective bidder, offeror, or contractor who is aggrieved in connection with the solicitation or award of a contract may appeal to the purchasing agent. An appeal shall be submitted in writing within 5 working days after the aggrieved person knows or should have known of the facts.
- B. The purchasing agent shall promptly issue a written decision regarding any appeal, if it is not settled by a mutual agreement. The decision shall state the reasons for the action taken and inform the protestor, contractor, or prospective contractor of the right to appeal to the governing body.
- C. The City's governing body shall be the final appeal on the City level.
- D. All further appeals shall be handled as provided in section 63-56-58 through 64 of the *Utah Code*.

#### ARTICLE 6 ETHICS IN PUBLIC CONTRACTING

- A. No person involved in making procurement decisions may have personal investments in any business entity which will create a substantial conflict between their private interests and their public duties.
- B. Any person involved in making procurement decisions is guilty of a felony if the person asks, receives, or offers to receive any emolument, gratuity, contribution, loan, or reward, or any promise thereof, either for the person's own use or the use or benefit of any other person or organization from any person or organization interested in selling to the City.

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. F.03  
**Page:** 1 of 1  
**Subject:** Personnel Management  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

This part of the manual is not intended to provide personnel management guidance or requirements, but is intended to point out those sections of the Utah Code dealing with such matters. These Code Sections should be reviewed by the appropriate governing body before a personnel ordinance is adopted:

Sections 10-3-801 thru 829	Municipal Administration.
Sections 10-3-901 thru 928	Appointed officials and their duties.
Section 10-3-1001 thru 1013	Civil service commissions in first and second class cities.
Sections 10-3-1103 thru 1107	Personnel rules and benefits.

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. F.04  
**Page:** 1 of 1  
**Subject:** Expenditure of State-Allocated Road Funds  
**Effective Date:** 1 October 1992  
**Revision Date:** 1 July 2005

*Utah Code* Sections 27-12-108.1 through 27-12-108.3 set forth the requirements for the use of state-allocated road funds. There is also a booklet entitled *Regulations Governing Class B & C Road Funds*, published by the Utah Department of Transportation (UDOT), which explains the rules and regulations governing the expenditure of these funds and required reporting. Questions regarding this area should be directed to Kathy Starks at 965-4364 or Brett Hadley at 965-4366 of UDOT or cell phone (801) 870-0285

The compliance audit responsibility to ensure that these funds are appropriately spent should be met by the governmental units' independent auditors. In accordance with the *State of Utah Legal Compliance Audit Guide*, all audits should contain (1) a statement by the auditor expressing positive assurance of compliance with State fiscal laws identified by the State Auditor; (2) a copy of the auditor's letter to management that identifies any material weakness in internal controls discovered by the auditor and other financial issues related to the expenditures of funds received from federal, state, or local governments; and (3) management's response to the specific recommendations. All entities having an audit and receiving class B or C road funds are required by Administrative Rule R915-3-7.3 paragraph 7 to submit a copy of that audit to the Department of Transportation. It should be addressed to the attention of Kathy Starks, UDOT 4501 South 2700 West, Salt Lake City, UT 84119. While the UDOT may still visit a city, town or county to verify the information submitted to them, they generally rely on the audit reports received. For those cities that do not have independent audits, the UDOT auditor may periodically visit to review the expenditures made.

Refer to I.C.05.01 for more information regarding class B and C road fund.



# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. G.01  
**Page:** 1 of 3  
**Subject:** Uniform Fiscal Procedures Act (summary)  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

- 10-6-101 Title of Act.
- 10-6-102 Legislative Intent - Uniform accounting, budgeting and financial reporting.
- 10-6-103 Act applicable to all cities.
- 10-6-104 State Auditor responsible for enforcing budgeting and financial reporting provisions of the Act.
- 10-6-105 Fiscal year of all cities, July 1 to June 30. Cities may, by ordinance, adopt biennial budgets. Ordinance must be delivered to State Auditor within 10 days of adoption.
- 10-6-106 Definition of terms used in the Act.
- 10-6-107 Financial records are to be maintained and financial statements prepared in accordance with generally accepted accounting principles. State Auditor to prescribe uniform accounting system.
- 10-6-108 Cities to maintain funds and account group prescribed in Uniform Accounting Manual.
- 10-6-109 Budget Procedures. Summarized in section III.C.02.  
thru  
10-6-115
- 10-6-116 Fund balance accumulation - Allows accumulation of fund balances or retained earnings with some restrictions on general fund accumulation and usage. Allows appropriation to be made or fund balance to be transferred to capital project fund and amounts to accumulate until sufficient to complete specific capital improvements.
- 10-6-117 Appropriations for expenditures not to exceed estimated expendable revenue. General fund balance in excess of allowable limit to be included as revenue source. Budget requirements for existing deficits. (Note: The State Auditor's Office holds the position that any deficits are illegally created debts and should, accordingly, be budgeted to be eliminated immediately rather than as set forth by this section of the Act.)
- 10-6-118 Budget procedures. Summarized in section III.C.02.  
and 119
- 10-6-120 Property tax levy to be set based on budget.
- Budget officer responsible to ensure departments to conform with budget. No

## STATE OF UTAH

### UNIFORM ACCOUNTING MANUAL

**Reference:** III. G.01  
**Page:** 2 of 3  
**Subject:** Uniform Fiscal Procedures Act (summary)  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

- 10-6-121 appropriation may be encumbered unless there is sufficient unencumbered balance in the department's appropriation.
- 10-6-122 Purchasing procedures to follow local ordinance or resolution and appointment of purchasing agent.
- 10-6-123 Expenditures or encumbrances in excess of appropriation prohibited.
- 10-6-124 Budget modification procedures. Summarized in section III.C.02.  
thru  
10-6-128
- 10-6-129 Approval given for emergency expenditures.
- 10-6-130 Unexpended or unencumbered appropriation except capital projects fund to lapse.
- 10-6-131 Disposition of unused amounts remaining in special funds outlined.
- 10-6-132 Loans by one fund to another – acquiring bonds for investment.
- 10-6-133 Property Tax levy - setting of levy and maximum rate.
- 10-6-134 Certification of ordinance or resolution to county auditor by city recorder.
- 10-6-135 “Operating and capital budgets” required for enterprise funds. Public hearing to be held if enterprise fund are supporting other funds.
- 10-6-136 Increase of enterprise fund budget may be made by governing body.
- 10-6-137 City recorder to attend meetings, keep records and countersign contracts.  
and 138
- 10-6-139 Bookkeeping duties of city recorder or auditor.
- 10-6-140 Warrants for payment of claims to be drawn when funds are unavailable to pay claims.
- 10-6-141 Duties of city treasurer defined. Also, use of special assessment funds defined and  
thru commingling of personal funds prohibited.  
10-6-146
- 10-6-147 City auditor of first and second class cities to prepare and present quarterly financial reports to governing body.
- 10-6-148 City recorder of third class cities to prepare monthly and quarterly financial reports.

## **STATE OF UTAH UNIFORM ACCOUNTING MANUAL**

**Reference:** III. G.01  
**Page:** 3 of 3  
**Subject:** Uniform Fiscal Procedures Act (summary)  
**Effective Date:** 1 July 1986  
**Revision Date:** 1 July 2005

10-6-149	REPEALED
10-6-150	Independent audit report may satisfy annual financial report.
10-6-151	Annual independent audit required in accordance with Section 51-2-1 through 8.
10-6-152	Audit report to be available for public inspection.
10-6-153 and 154	Municipal fiscal committee created and duties of committee and State Auditor defined.
10-6-155	REPEALED
10-6-156	State Auditor to evaluate accounting and budgeting practices of selected cities and pass on benefits to other cities.
10-6-157	Director of Finance position created.
10-6-158 and 159	Purposes and provisions of Financial Administrative Ordinance explained.

# STATE OF UTAH

## UNIFORM ACCOUNTING MANUAL

**Reference:** III. G.02  
**Page:** 1 of 20  
**Subject:** Uniform Fiscal Procedures Act (verbatim)  
**Effective Date:** 1 July 1986  
**Revision Date:** July 2005

10-6-101. Short title.

This chapter shall be known and may be cited as the "Uniform Fiscal Procedures Act for Utah Cities."

10-6-102. Legislative intent -- Purpose of chapter.

This chapter is intended to provide uniform accounting, budgeting, and financial reporting procedures for cities. It is the purpose of this chapter to enable cities to make financial plans for both current and capital expenditures, to insure that their executive staffs administer their respective functions in accordance with adopted budgets, to provide the public and investors with information about the financial policies and administration of cities, to provide for the optional use of performance budgeting and related accounting and reporting procedures, and to enable larger cities to evaluate and measure operating performance and provide data comparable with other cities.

10-6-103. Applicability to all cities.

This chapter shall apply to all cities, including charter cities.

10-6-104. Withholding of state money from cities not filing budget or complying with reporting or auditing requirements.

(1) The state auditor may withhold state money allocated to a city for its failure to file a copy of a formally adopted budget when required or its failure to comply substantially with the annual financial reporting or independent auditing requirements required under this chapter.

(2) Upon the city's compliance with the requirement, the state auditor shall distribute the money to the city.

10-6-105. Fiscal year.

(1) Except as provided in Subsection (2), the fiscal period for each city shall be an annual period beginning July 1 of each year and ending June 30 of the following year.

(2) (a) Notwithstanding Subsection (1), the legislative body of a city may, by ordinance, adopt for the city a fiscal period that is a biennial period beginning July 1 and ending June 30 of the second following calendar year.

(b) Each city adopting an ordinance under Subsection (2)(a) shall separately specify in its budget the amount of ad valorem property tax it intends to levy and collect during both the first half and the second half of the budget period.

(c) Each city that adopts a fiscal period that is a biennial period under Subsection (2)(a) shall:

(i) comply with Sections **59-2-912** through **59-2-926** as if it had adopted a fiscal period that is an annual period; and

(ii) allocate budgeted revenues and expenditures to each of the two annual periods in the biennial budget.

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(d) The legislative body of each city that adopts a fiscal period that is a biennial period under Subsection (2)(a) shall, within ten days after the adoption of the ordinance adopting the biennial period, deliver a copy of the ordinance to the state auditor.

10-6-106. Definitions.

As used in this chapter:

(1) "Account group" is defined by generally accepted accounting principles as reflected in the Uniform Accounting Manual for Utah Cities.

(2) "Appropriation" means an allocation of money by the governing body for a specific purpose.

(3) (a) "Budget" means a plan of financial operations for a fiscal period which embodies estimates of proposed expenditures for given purposes and the proposed means of financing them.

(b) "Budget" may refer to the budget of a particular fund for which a budget is required by law or it may refer collectively to the budgets for all such funds.

(4) "Budgetary fund" means a fund for which a budget is required.

(5) "Budget officer" means the city auditor in a city of the first and second class, the mayor or some person appointed by the mayor with the approval of the city council in a city of the third, fourth, or fifth class, the mayor in the council-mayor optional form of government, or the person designated by the charter in a charter city.

(6) "Budget period" means the fiscal period for which a budget is prepared.

(7) "Check" means an order in a specific amount drawn upon a depository by an authorized officer of a city.

(8) "Current period" means the fiscal period in which a budget is prepared and adopted, i.e., the fiscal period next preceding the budget period.

(9) "Department" means any functional unit within a fund that carries on a specific activity, such as a fire or police department within a General Fund.

(10) "Encumbrance system" means a method of budgetary control in which part of an appropriation is reserved to cover a specific expenditure by charging obligations, such as purchase orders, contracts, or salary commitments to an appropriation account at their time of origin. Such obligations cease to be encumbrances when paid or when the actual liability is entered on the city's books of account.

(11) "Estimated revenue" means the amount of revenue estimated to be received from all sources during the budget period in each fund for which a budget is being prepared.

(12) "Financial officer" means the mayor in the council-mayor optional form of government or the city official as authorized by Section **10-6-158**.

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(13) "Fiscal period" means the annual or biennial period for accounting for fiscal operations in each city.

(14) "Fund" is as defined by generally accepted accounting principles as reflected in the Uniform Accounting Manual for Utah Cities.

(15) "Fund balance," "retained earnings," and "deficit" have the meanings commonly accorded such terms under generally accepted accounting principles as reflected in the Uniform Accounting Manual for Utah Cities.

(16) "Governing body" means a city council, or city commission, as the case may be, but the authority to make any appointment to any position created by this chapter is vested in the mayor in the council-mayor optional form of government.

(17) "Interfund loan" means a loan of cash from one fund to another, subject to future repayment and does not constitute an expenditure or a use of retained earnings or fund balance of the lending fund or revenue to the borrowing fund.

(18) "Last completed fiscal period" means the fiscal period next preceding the current period.

(19) "Public funds" means any money or payment collected or received by an officer or employee of the city acting in an official capacity and includes money or payment to the officer or employee for services or goods provided by the city, or the officer or employee while acting within the scope of employment or duty. Public funds do not include money or payments collected or received by an officer or employee of a city for charitable purposes if the mayor or city council has consented to the officer's or employee's participation in soliciting contributions for a charity.

(20) "Special fund" means any fund other than the General Fund.

(21) "Warrant" means an order drawn upon the city treasurer, in the absence of sufficient money in the city's depository, by an authorized officer of a city for the purpose of paying a specified amount out of the city treasury to the person named or to the bearer as money becomes available.

### 10-6-107. Uniform accounting system.

The accounting records of cities shall be established and maintained, and financial statements prepared from those records in conformance with generally accepted accounting principles promulgated from time to time by authoritative bodies in the United States. The state auditor shall prescribe in the Uniform Accounting Manual for Utah Cities a uniform system of accounting that conforms to generally accepted accounting principles. The state auditor shall maintain the manual so that it reflects current generally accepted accounting principles.

### 10-6-108. Funds and account groups maintained.

Each city shall maintain, according to its own accounting needs, some or all of the funds and account groups in its system of accounts, as prescribed in the Uniform Accounting Manual for Utah Cities.

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10-6-109. Budget required for certain funds - Capital projects fund budget.

(1) The budget officer shall prepare for each budget period a budget for each of the following funds:

- (a) the general fund, including the class "C" and collector road funds;
- (b) special revenue funds;
- (c) debt service funds; and
- (d) capital improvement funds.

(2) Major capital improvements financed by general obligation bonds, capital grants, or interfund transfers, shall use a capital projects fund budget. The term of the budget shall coincide with the term of the individual project or projects. To the extent appropriate, the requirements for preparation, adoption, and execution of the budgets of the funds enumerated in Subsection (1) above, as set forth in this chapter, shall apply to budgets of capital projects funds.

10-6-110. Budget - Contents - Total of revenues to equal expenditures.

(1) The budget for each fund set forth in Subsection **10-6-109(1)** shall provide a complete financial plan for the budget period. Each budget shall specify in tabular form:

- (a) estimates of all anticipated revenues, classified by the account titles prescribed in the Uniform Accounting Manual for Utah Cities; and
- (b) all appropriations for expenditures, classified by the account titles prescribed in the Uniform Accounting Manual for Utah Cities.

(2) The total of the anticipated revenues shall equal the total of appropriated expenditures.

10-6-111. Tentative budget to be prepared - Contents - Estimate of expenditures - Budget message - Review by governing body.

(1) On or before the first regularly scheduled meeting of the governing body in the last May of the current period, the budget officer shall prepare for the ensuing fiscal period, on forms provided by the state auditor, and file with the governing body, a tentative budget for each fund for which a budget is required. The tentative budget of each fund shall set forth in tabular form the following:

- (a) Actual revenues and expenditures in the last completed fiscal period.
- (b) Budget estimates for the current fiscal period.
- (c) Actual revenues and expenditures for a period of 6 to 21 months, as appropriate, of the current fiscal period.

(d) Estimated total revenues and expenditures for the current fiscal period.

(e) The budget officer's estimates of revenues and expenditures for the budget period, computed in the following manner:

(i) The budget officer shall estimate, on the basis of demonstrated need, the expenditures for the budget period after a review of the budget requests and estimates of the department heads. Each department head shall be heard by the budget officer prior to making of the final estimates,

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but the officer may revise any department's estimate as the officer considers advisable for the purpose of presenting the budget to the governing body.

(ii) The budget officer shall estimate the amount of revenue available to serve the needs of each fund, estimate the portion to be derived from all sources other than general property taxes, and estimate the portion that must be derived from general property taxes. From the latter estimate the officer shall compute and disclose in the budget the lowest rate of property tax levy that will raise the required amount of revenue, calculating the levy upon the latest taxable value.

(f) If the governing body elects, actual performance experience to the extent established by Section **10-6-154** and available in work units, unit costs, man hours, or man years for each budgeted fund on an actual basis for the last completed fiscal period, and estimated for the current fiscal period and for the ensuing budget period.

(2) (a) Each tentative budget, when filed by the budget officer with the governing body, shall contain the estimates of expenditures submitted by department heads, together with specific work programs and such other supporting data as this chapter requires or the governing body may request. Each city of the first or second class shall, and a city of the third, fourth, or fifth class may, submit a supplementary estimate of all capital projects which each department head believes should be undertaken within the next three succeeding years.

(b) Each tentative budget submitted by the budget officer to the governing body shall be accompanied by a budget message, which shall explain the budget, contain an outline of the proposed financial policies of the city for the budget period, and shall describe the important features of the budgetary plan. It shall set forth the reasons for salient changes from the previous fiscal period in appropriation and revenue items and shall explain any major changes in financial policy.

(3) Each tentative budget shall be reviewed, considered, and tentatively adopted by the governing body in any regular meeting or special meeting called for the purpose and may be amended or revised in such manner as is considered advisable prior to public hearings, except that no appropriation required for debt retirement and interest or reduction of any existing deficits pursuant to Section **10-6-117**, or otherwise required by law or ordinance, may be reduced below the minimums so required.

(4) (a) If the municipality is acting pursuant to Section **10-2-120**, the tentative budget shall:

(i) be submitted to the governing body -elect as soon as practicable after the filing of the notice under Section **10-2-120** indicating the proposed date for filing the articles of incorporation; and

(ii) cover each fund for which a budget is required from the date of incorporation to the end of the fiscal year.



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(b) The governing body shall substantially comply with all other provisions of this act, and the budget shall be passed upon incorporation.

10-6-112. Tentative budget and data - Availability for public inspection.

Each tentative budget adopted by the governing body and all supporting schedules and data shall be a public record in the office of the city auditor or the city recorder, available for public inspection for a period of at least 10 days prior to the adoption of a final budget, as herinafter provided.

10-6-113. Budget - Notice of hearing to consider adoption.

At the meeting at which each tentative budget is adopted, the governing body shall establish the time and place of a public hearing to consider its adoption and shall order that notice thereof be published at least seven days prior to the hearing in at least one issue of a newspaper of general circulation published in the county in which the city is located. If no such newspaper is published, the notice required by this section may be posted in three public places within the city.

10-6-114. Budget - Public hearing on tentatively adopted budget.

At the time and place advertised, or at any time and place to which the public hearing may be adjourned, the governing body shall hold a public hearing on the budgets tentatively adopted. All interested persons in attendance shall be given an opportunity to be heard, for or against, the estimates of revenue and expenditures or any item thereof in the tentative budget of any fund.

10-6-115. Budget - Continuing authority of governing body.

After the conclusion of the public hearing, the governing body may continue to review any tentative budget and may insert such new items or may increase or decrease items of expenditure that were the proper subject of consideration at the public hearing, except there shall be no decrease in the amount appropriated for debt retirement and interest or reduction of any existing deficits, as provided by section 10-6-117. It shall also increase or decrease the total anticipated revenue to equal the net change in proposed expenditures in the budget of each fund.

10-6-116. Accumulated fund balances - Limitations - Excess balances -Unanticipated excess of revenues - Reserves for capital improvements.

(1) Cities are permitted to accumulate retained earnings or fund balances, as appropriate, in any fund. With respect to the General Fund only, any accumulated fund balance is restricted to the following purposes:

(a) to provide working capital to finance expenditures from the beginning of the budget period until general property taxes, sales taxes, or other applicable revenues are collected, thereby reducing the amount which the city must borrow during the period, but this Subsection (1)(a) does not permit the appropriation of any fund balance for budgeting purposes except as provided in Subsection (4);

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(b) to provide a resource to meet emergency expenditures under Section **10-6-129**; and  
(c) to cover a pending year-end excess of expenditures over revenues from an unavoidable shortfall in revenues. This provision does not permit the appropriation of any fund balance to avoid an operating deficit during any budget period except as provided under Subsection (4), or for emergency purposes under Section **10-6-129**.

(2) The accumulation of a fund balance in the General Fund shall not exceed 18% of the total estimated revenue of the General Fund.

(3) If the fund balance at the close of any fiscal period exceeds the amount permitted under Subsection (2), the excess shall be appropriated in the manner provided in Section **10-6-117**.

(4) Any fund balance in excess of 5% of the total revenues of the General Fund may be utilized for budget purposes.

(5) (a) Within a capital improvements fund the governing body may, in any budget period, appropriate from estimated revenue or fund balance to a reserve for capital improvements for the purpose of financing future specific capital improvements, under a formal long-range capital plan adopted by the governing body.

(b) The reserves may accumulate from fiscal period to fiscal period until the accumulated total is sufficient to permit economical expenditure for the specified purposes.

(c) Disbursements from these reserves shall be made only by transfer to a revenue or transfer account within the capital improvements fund, under a budget appropriation in a budget for the fund adopted in the manner provided by this chapter.

(d) Expenditures from the above appropriation budget accounts shall conform to all requirements of this chapter relating to execution and control of budgets.

10-6-117. Appropriations not to exceed estimated expendable revenue - Determination of revenue- Appropriations for existing deficits.

(1) The governing body of any city may not make any appropriation in the final budget of any fund in excess of the estimated expendable revenue for the budget period of the fund.

(2) In determining the estimated expendable revenue of the general fund for the budget period, there shall be included therein as an appropriation from the fund balance that portion of the fund balance at the close of the last completed fiscal period, not previously included in the budget of the current period, that exceeds the amount permitted in Section **10-6-116**.

(3) There shall be included as an item of appropriation in each fund for any budget period any existing deficit as of the close of the last completed fiscal period, not previously included in the budget of the current period, to the extent of at least 5% of the total revenue of the fund in its last completed fiscal period. If the total amount of the deficit is less than 5% of the total revenue in the last completed fiscal period, the entire amount of the deficit shall be included.

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10-6-118. Adoption of final budget - Certification and filing.

Before the last June 22 of each fiscal period, or, in the case of a property tax increase under Sections **59-2-919** through **59-2-923**, before August 17 of the year for which a property tax increase is proposed, the governing body shall by resolution or ordinance adopt a budget for the ensuing fiscal period for each fund for which a budget is required under this chapter. A copy of the final budget for each fund shall be certified by the budget officer and filed with the state auditor within 30 days after adoption.

10-6-119. Budgets in effect for budget year - Amendment - Filing for public inspection.

Upon final adoption, the budgets shall be in effect for the budget period, subject to later amendment. A certified copy of the adopted budgets shall be filed in the office of the city auditor or city recorder and shall be available to the public during regular business hours.

10-6-120. Property tax levy - Amount in budget as basis for determining.

From the effective date of the budget or of any amendment enacted prior to the date on which property taxes are levied, the amount stated therein as the amount of estimated revenue from property taxes shall constitute the basis for determining the property tax levy to be set by the governing body for the corresponding tax year, subject to the applicable limitations imposed by law.

10-6-121. Departmental expenditures - encumbrance system - Budget officers duties - Purchase order - Quarterly allotments.

(1) The budget officer shall require all expenditures by any department to conform with the departmental budget.

(2) No appropriation may be encumbered and no expenditure may be made against any departmental appropriation unless there is sufficient unencumbered balance in the department's appropriation, except in cases of emergency as provided by this chapter.

(3) All encumbrances reported as outstanding as of the fiscal period end shall be supported by a purchase order issued on or before the last day of the fiscal period and approved by the mayor in the council-mayor optional form of government or the governing body or its delegate in other cities, as provided under this chapter.

10-6-122. Purchasing procedures.

(1) All purchases or encumbrances thereof by a city shall be made or incurred according to the purchasing procedures established by each city by ordinance or resolution and only on an order or approval of the person duly authorized to act as a purchasing agent for the city.

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(2) Whenever any city is required by law to receive bids for purchases, construction, repairs, or any other purpose requiring the expenditure of funds, that city shall keep on file all bids received, together with proof of advertisement by publication or otherwise, for:

- (a) at least three years following the letting of any contract pursuant to those bids; or
- (b) three years following the first advertisement for the bids, if all bids pursuant to that advertisement are rejected.

10-6-123. Expenditures or encumbrances in excess of appropriations prohibited - Processing claims. City officers shall not make or incur expenditures or encumbrances in excess of total appropriations for any department in the budget as adopted or as subsequently amended. Any obligation contracted by any such officer shall not be or become valid or enforceable against the city. No check or warrant to cover any claim against any appropriation shall be drawn until the claim has been processed as provided by this chapter.

10-6-124. Transfer of appropriation balance between accounts- Excess expenditure within departments. With the consent of the budget officer, or the approval in charter cities as required by charter, the head of any department may transfer any unencumbered or unexpended appropriation balance or any portion thereof from one expenditure account to another within the department during the budget period, or an excess expenditure of one or more line items may be permitted by any department head with the consent of the budget officer, or his equivalent in charter cities, provided the total of all excess expenditures or encumbrances do not exceed total unused appropriations within the department at the close of the budget period.

10-6-125. Transfer of appropriation balance between departments in same fund. At the request of the budget officer or upon its own initiative, the governing body by resolution may transfer any unencumbered or unexpended appropriation balance or portion thereof from one department in a fund to another within the same fund, provided that no appropriation for debt retirement and interest, reduction of deficit, or other appropriation required by law or ordinance shall be reduced below the minimums required.

10-6-126. Reduction of total budget appropriation of department by resolution - Notice to governing body. The total budget appropriation of any department may be reduced for purposes other than transfer to another department by resolution of the governing body at any regular meeting, or special meeting, called for that purpose, if notice of the proposed action is given to all members of the governing body at least five days before such action. The notice may be waived in writing or orally during attendance at the meeting by any member of the governing body.

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10-6-127. Review of individual fund budgets - Hearing.

(1) (a) Upon the written request of one of the members of the governing body, or upon its own motion setting forth the reason therefor, the governing body may, at any time during the budget period, review the individual budgets of the funds set forth in Section **10-6-109**, for the purpose of determining if the total of any of them should be increased.

(b) If the governing body decides that the budget total of one or more of these funds should be increased, it shall follow the procedures set forth in Sections **10-6-113** and **10-6-114** for holding a public hearing.

(2) (a) In a city that has adopted a fiscal period that is a biennial period under Subsection **10-6-105(2)**, the governing body shall, in a public hearing before June 30 of the first year of the biennial period, review the individual budgets of the funds set forth in Sections **10-6-109** and **10-6-135** for the second year of the biennial period.

(b) In each review under Subsection (2)(a), the governing body shall follow the procedures of Sections **10-6-113** and **10-6-114** for holding a public hearing.

10-6-128. Amendment and increase of individual fund budgets.

After the conclusion of the hearing, the governing body, by resolution or ordinance, may amend the budgets of the funds proposed to be increased, so as to make all or part of the increases therein, both estimated revenues and appropriations, which were the proper subject of consideration at the hearing. Final amendments in the current period to the budgets of any of the funds set forth in Section **10-6-109** shall be adopted by the governing body on or before the last day of the fiscal period.

10-6-129. Emergency expenditures.

In the event the governing body of a city determines that an emergency exists, such as widespread damage from fire, flood or earthquake, and that the emergency necessitates the expenditure of money in excess of the budget of the general fund, the governing body may by resolution amend the budget and authorize such expenditures and incur such deficits in the fund balance of the general fund as may be reasonably necessary to meet the emergency.

10-6-130. Lapse of appropriation - Exceptions.

All unexpended or unencumbered appropriations except capital projects fund appropriations shall lapse at the end of the budget period.

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10-6-131. Transfer of balances in special funds.

Whenever the necessity for maintaining any special fund of a city has ceased to exist and a balance remains in the fund, the governing body shall authorize the transfer of the balance to the fund balance account in the general fund of the city, except that:

(1) Any balance remaining in a special assessment fund and any unrequired balance in its special improvements guaranty fund shall be treated in the manner provided in Sections **17A-3-332** and **17A-3-334**;

(2) Any balance remaining in a capital improvements or capital projects fund shall be transferred to the appropriate debt service fund or other fund as the bond ordinance may require and otherwise to the fund balance account in the general fund;

(3) Whenever any balance held in a trust fund for a specific purpose, other than a cemetery perpetual care trust fund, is to be transferred because its original purpose or restriction has ceased to exist, a public hearing shall be held in the manner provided in Sections **10-6-113** and **10-6-114**. The published notice shall invite those persons who contributed to the fund to appear at the hearing. If the governing body determines the fund balance amounts are refundable to the original contributors, a 30 day period following the hearing shall be allowed for persons having an interest in the fund to file with the governing body a verified claim only for the amount of each claimant's contributions. Any claim not so filed shall be forever barred. Any balance remaining, after refunds to eligible contributors, shall be transferred to the fund balance account in the general fund of the city; and

(4) Whenever the governing body decides, in conformity with applicable laws and ordinances, that the need for continued maintenance of its cemetery perpetual care trust fund no longer exists, it may transfer the balance in such fund to the capital improvements fund for expenditure for land, buildings and major improvements to be used exclusively for cemetery purposes.

10-6-132. Loans by one fund to another -- Acquiring bonds for investment.

Subject to restrictions imposed by bond ordinance, statute or other controlling regulations, the governing body of a city may (1) authorize interfund loans from one fund to another at such interest rates and upon such repayment terms and conditions as it may prescribe, and (2) with available cash in any fund, purchase or otherwise acquire for investment unmatured bonds of the city or of any fund of the city.

10-6-133. Property tax levy -- Time for setting -- Computation of total levy -- Apportionment of proceeds -- Maximum levy.

(1) Before June 22 of each year, or August 17 in the case of a property tax rate increase under Sections **59-2-919** through **59-2-923**, the governing body of each city, including charter cities, at a regular meeting or special meeting called for that purpose, shall by ordinance or resolution set

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the real and personal property tax levy for various municipal purposes, but the levy may be set at an appropriate later date with the approval of the State Tax Commission.

(2) In its computation of the total levy, the governing body shall determine the requirements of each fund for which property taxes are to be levied and shall specify in its ordinance or resolution adopting the levy the amount apportioned to each fund.

(3) The proceeds of the levy apportioned for General Fund purposes shall be credited as revenue in the General Fund.

(4) The proceeds of the levy apportioned for special fund purposes shall be credited to the appropriate accounts in the applicable special funds.

(5) The combined levies for each city, including charter cities, for all purposes in any year, excluding the retirement of general obligation bonds and the payment of any interest, and taxes expressly authorized by law to be levied in addition, may not exceed .007 per dollar of taxable value of taxable property.

10-6-134. Certification of ordinance or resolution setting levy.

The city recorder shall certify the ordinance or resolution setting the levy to the county auditor, or auditors if the municipality is located in more than one county, before the fifteenth day of June of each year.

10-6-135. Operating and capital budgets.

(1) On or before the time the governing body adopts budgets for the funds set forth in Section **10-6-109**, it shall adopt for the ensuing fiscal period an "operating and capital budget" for each enterprise fund and shall adopt the type of budget for other special funds as required by the Uniform Accounting Manual for Utah Cities.

(2) An "operating and capital budget," for purposes of this section, means a plan of financial operation for an enterprise or other required special fund, embodying estimates of operating resources and expenses and other outlays for a fiscal period. Except as otherwise expressly provided, the reference to "budget" or "budgets" and the procedures and controls relating to them in other sections of this chapter do not apply or refer to the "operating and capital budgets" provided for in this section.

(3) "Operating and capital budgets" shall be adopted and administered in the following manner:

(a) On or before the first regularly scheduled meeting of the governing body in the last May of the current period, the budget officer shall prepare for the ensuing fiscal period and file with the governing body a tentative operating and capital budget for each enterprise fund and for other required special funds, together with specific work programs as submitted by the department head and any other supporting data required by the governing body.

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(b) Each city of the first or second class shall, and a city of the third, fourth, or fifth class may, submit a supplementary estimate of all capital projects which the department head believes should be undertaken within the three next succeeding fiscal periods.

(c) The budget officer shall prepare estimates in cooperation with the appropriate department heads. Each department head shall be heard by the budget officer prior to making final estimates, but thereafter the officer may revise any department's estimate for the purpose of presenting the budget to the governing body.

(d) If within any enterprise fund, allocations or transfers which cannot be defined as a reasonable allocation of costs between funds are included in a tentative budget, a written notice as to date, time, place, and purpose of the hearing is to be mailed to utility fund customers at least seven days prior to the hearing.

(4) The tentative budget or budgets shall be reviewed and considered by the governing body at any regular meeting or special meeting called for that purpose. The governing body may make changes in the tentative budgets.

(5) Budgets for enterprise or other required special funds shall comply with the public hearing requirements established in Sections **10-6-113** and **10-6-114**.

(6) Before the last June 30 of each fiscal period, or, in the case of a property tax increase under Sections **59-2-919** through **59-2-923**, before August 31 of the year for which a property tax increase is proposed, the governing body shall adopt an operating and capital budget for each applicable fund for the ensuing fiscal period. A copy of the budget as finally adopted for each fund shall be:

- (a) certified by the budget officer;
- (b) filed by the officer in the office of the city auditor or city recorder;
- (c) available to the public during regular business hours; and
- (d) filed with the state auditor within 30 days after adoption.

(7) Upon final adoption, the operating and capital budget shall be in effect for the budget period, subject to later amendment. During the budget period the governing body may, in any regular meeting or special meeting called for that purpose, review any one or more of the operating and capital budgets for the purpose of determining if the total of any of them should be increased. If the governing body decides that the budget total of one or more of these funds should be increased, the procedures set forth in Section **10-6-136** shall be followed.

(8) Expenditures from operating and capital budgets shall conform to the requirements relating to budgets specified in Sections **10-6-121** through **10-6-126**.



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10-6-136. Increase in appropriations for operating and capital budget funds -- Notice.

The total budget appropriation of any fund described in Section **10-6-135** may be increased by resolution of the governing body at any regular meeting, or special meeting called for that purpose, provided that written notice of the time, place and purpose of the meeting shall have been mailed or delivered to all members of the governing body at least five days prior to the meeting. The notice may be waived in writing or orally during attendance at the meeting by any member of the governing body.

10-6-137. City recorder -- Office -- Meetings and records -- Certified records as evidence.

The office of the city recorder shall be located at the place of the governing body or at some other place convenient thereto as the governing body may direct. The city recorder or deputy city recorder shall attend the meetings and keep the record of the proceedings of the governing body. Copies of all papers filed in the recorder's office and transcripts from all records of the governing body, if certified by the recorder under the corporate seal, are admissible in all courts as originals.

10-6-138. City recorder to countersign contracts -- Indexed record of contracts.

The city recorder shall countersign all contracts made on behalf of the city and shall maintain a properly indexed record of all such contracts.

10-6-139. City auditor or recorder -- Bookkeeping duties -- Duties with respect to payment of claims.

(1) The city auditor in each city of the first and second class, and the city recorder in each city of the third, fourth, or fifth class shall maintain the general books for each fund of the city and all subsidiary records relating thereto, including a list of the outstanding bonds, their purpose, amount, terms, date, and place payable.

(2) (a) The city auditor or city recorder, as appropriate, shall keep accounts with all receiving and disbursing officers of the city, shall preaudit all claims and demands against the city before they are allowed, and shall prepare the necessary checks in payment.

(b) Those checks shall include an appropriate certification pursuant to Section **11-1-1**, examples of which shall be presented in the Uniform Accounting Manual for Utah Cities.

(c) The city auditor or city recorder shall also certify on the voucher or check copy, as appropriate, that:

(i) the claim has been preaudited and documented;

(ii) the claim has been approved in one of the following ways:

(A) purchase order directly approved by the mayor in the council-mayor optional form of government, or the governing body or its delegate in other cities;

(B) claim directly approved by the governing body; or

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(C) claim approved by the financial officer;  
(iii) the claim is within the lawful debt limit of the city; and  
(iv) the claim does not overexpend the appropriate departmental budget established by the governing body.

#### 10-6-140. Warrants for payment of claims.

In the event the city is without funds on deposit in one of its appropriate bank accounts with which to pay any lawfully approved claim, the city auditor or recorder shall draw and sign a warrant upon the treasurer of the city for payment of the claim, the warrant to be tendered to the payee named thereon.

#### 10-6-141. City treasurer -- Duties generally.

- (1) The city treasurer is custodian of all money, bonds, or other securities of the city.
- (2) The city treasurer shall:
  - (a) determine the cash requirements of the city and provide for the investment of all monies by following the procedures and requirements of Title 51, Chapter 7, State Money Management Act;
  - (b) receive all public funds and monies payable to the city, within three business days after collection, including all taxes, licenses, fines, and intergovernmental revenue;
  - (c) keep an accurate detailed account of all monies received under Subsection (2)(b) in the manner provided in this chapter and as directed by the legislative body of the city by ordinance or resolution; and
  - (d) collect all special taxes and assessments as provided by law and ordinance.

#### 10-6-142. City treasurer -- Receipts for payment.

The city treasurer shall give or cause to be given to every person paying money to the city treasury, a receipt or other evidence of payment therefore, specifying, as appropriate, the date of payment and upon which account paid and shall file the duplicate of the receipt, a summary report, or other evidence of payment in the office of the auditor or recorder.

#### 10-6-143. City treasurer or deputy -- Duties with respect to issuance of checks.

The treasurer, or in his absence a deputy treasurer appointed by the governing body, shall sign all checks prepared by the auditor or recorder. Prior to affixing the signature, the treasurer or deputy treasurer shall determine that a sufficient amount is on deposit in the appropriate bank account of the city to honor the check. The governing body may also designate a person, other than the city auditor or the city recorder, to countersign checks.

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10-6-144. City treasurer -- Warrants -- Order of payment.

In the absence of appropriate monies, as set forth in Section **10-6-140**, the treasurer shall pay all warrants in the order in which presented and as money becomes available for payment thereof in the appropriate funds of the city. The treasurer shall note upon the back of each warrant presented the date of presentation and the date of payment.

10-6-145. City treasurer -- Special assessments -- Application of proceeds.

All money received by the treasurer on any special assessment shall be applied to the payment of the improvement for which the assessment was made. The money shall be used for the payment of interest and principal on bonds or other indebtedness issued in settlement thereof, and shall be used for no other purpose whatever, except as otherwise provided in Section **10-6-131**.

10-6-146. City treasurer -- Deposit of city funds -- Commingling with personal funds unlawful -  
- Suspension from office.

The treasurer shall promptly deposit all city funds in the appropriate bank accounts of the city. It shall be unlawful for any person to commingle city funds with his or her own money. Whenever it shall appear that the treasurer or any other officer is making profit out of public money, or is using the same for any purpose not authorized by law, such treasurer or officer shall be suspended from office.

10-6-147. Quarterly financial reports -- First and second class cities.

The city auditor in cities of the first and second class shall prepare and present to the governing body appropriate quarterly financial reports, prepared in the manner prescribed in the Uniform Accounting Manual for Utah Cities.

10-6-148. Monthly and quarterly financial reports -- Cities of the third, fourth, and fifth class.

The city recorder or other delegated person in each city of the third, fourth, or fifth class shall prepare and present to the governing body monthly summary financial reports and quarterly detail financial reports, prepared in the manner prescribed in the Uniform Accounting Manual for Utah Cities.

10-6-149. Repealed (1985)

10-6-150. Annual financial reports -- Independent audit reports.

Within 180 days after the close of each fiscal period or, for a city that has adopted a fiscal period that is a biennial period, within 180 days after both the mid-point and the close of the fiscal period, the city recorder or other delegated person shall present to the governing body an annual financial report prepared in conformity with generally accepted accounting principles, as prescribed in the Uniform Accounting Manual for Utah Cities. This requirement may be satisfied

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by presentation of the audit report furnished by the independent auditor, if the financial statements included are appropriately prepared and reviewed with the governing body. Notwithstanding the acceptability of the audit report furnished by the independent auditor in substitution for financial statements prepared by an officer of the city, the governing body has the responsibility for those financial statements. The independent auditor has the responsibility of reporting whether the governing body's financial statements are prepared in conformity with generally accepted accounting principles. Copies of the annual financial report or the audit report furnished by the independent auditor shall be filed with the state auditor and shall be filed as a public document in the office of the city recorder.

#### 10-6-151. Independent audits required.

Independent audits of all cities are required, to be performed in conformity with Title 51, Chapter 2a, Accounting Reports from Political Subdivisions, Interlocal Organizations, and Other Local Entities Act. In the case of a city organized under Title 10, Chapter 3, Part 12, Optional Forms of Municipal Government Act, the council shall appoint an independent auditor for the purpose of complying with the requirements of this section and of Title 51, Chapter 2a, Accounting Reports from Political Subdivisions, Interlocal Organizations, and Other Local Entities Act.

#### 10-6-152. Notice that audit completed and available for inspection.

Within ten days following the receipt of the audit report furnished by the independent auditor, the city auditor in cities having an auditor and the city recorder in all other cities shall prepare and publish at least twice in a newspaper of general circulation published within the county, a notice to the public that the audit of the city has been completed and a copy thereof may be inspected at the office of the city auditor or recorder. If a newspaper of general circulation is not published within the county, the notice required by this section may be posted in three public places.

#### 10-6-153. Municipal government fiscal committee created -- Members -- Terms -- Vacancies -- Recommendations.

(1) There is hereby created a municipal government fiscal committee, the members of which shall be:

(a) all auditors of cities of the first class and two auditors from cities of the second class appointed by the state auditor;

(b) four elected or appointed municipal officials, two of whom shall be from larger cities of the third class, one of whom shall be from cities of the fourth class, and one of whom shall be from cities of the fifth class, appointed by the state auditor from a list recommended by the Utah League of Cities and Towns; and

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(c) two additional members who are knowledgeable in the area of municipal fiscal affairs appointed by the state auditor.

(2) (a) Members shall be appointed to four-year terms on the committee, provided that the term of an elected or appointed official shall terminate upon ceasing to be an elected official or an employee of the city for which such person worked when appointed.

(b) Notwithstanding the requirements of Subsection (2)(a), the auditor shall, at the time of appointment or reappointment, adjust the length of terms to ensure that the terms of committee members are staggered so that approximately half of the committee is appointed every two years.

(3) Any vacancy shall be filled by the state auditor from the same class as the original appointment as described in Subsection (1). Members may be reappointed.

(4) The advisory committee shall assist, advise, and make recommendations to the state auditor in the preparation of uniform accounting and reporting procedures and program and performance accounting, budgeting, and reporting for cities.

(5) (a) Members shall receive no compensation or benefits for their services, but may receive per diem and expenses incurred in the performance of the member's official duties at the rates established by the Division of Finance under Sections **63A-3-106** and **63A-3-107**.

(b) Members may decline to receive per diem and expenses for their service.

(c) Local government members who do not receive salary, per diem, or expenses from the entity that they represent for their service may receive per diem and expenses incurred in the performance of their official duties at the rates established by the Division of Finance under Sections **63A-3-106** and **63A-3-107**.

(d) Local government members may decline to receive per diem and expenses for their service.

10-6-154. Duties of state auditor and committee -- Adoption and expansion of uniform system.

(1) The state auditor with the assistance, advice, and recommendations of the municipal government fiscal committee shall:

(a) prescribe uniform accounting and reporting procedures for cities, in conformity with generally accepted accounting principles;

(b) conduct a continuing review and modification of such procedures to improve them;

(c) prepare and supply each city with suitable budget and reporting forms; and

(d) prepare instructional materials, conduct training programs and render other services deemed necessary to assist cities in implementing the uniform accounting, budgeting and reporting procedures.

(2) The Uniform Accounting Manual for Utah Cities shall prescribe reasonable exceptions and modifications for fourth and fifth class cities to the uniform system of accounting, budgeting, and reporting.

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(3) The advisory committee shall establish and conduct a continuing review of suggested measurements and procedures for program and performance budgeting and reporting which may be evaluated on a statewide basis.

(4) Cities may expand the uniform accounting and reporting procedures to better serve their needs; however, no deviations from or alterations to the basic prescribed classification systems for the identity of funds and accounts shall be made.

10-6-155. Repealed (1985)

10-6-156. State auditor to evaluate fiscal practices.

The state auditor shall continually analyze and evaluate the accounting, budgeting and reporting practices and experiences of specific cities selected by the state auditor and shall make such information available to all cities.

10-6-157. Director of finance in certain cities.

The governing body of a city of the third, fourth, or fifth class may, and the cities under an optional form of city government shall, by resolution or ordinance, create a director of finance position to perform the financial duties and responsibilities of the city recorder in third, fourth, and fifth class cities or the city auditor in first and second class cities, as established by this chapter. The director of finance shall be a qualified person appointed and removed with the advice and consent of the governing body, and may not assume the duties of the city treasurer. The governing body may also adopt the financial administrative duties of the director of finance prescribed in the Uniform Accounting Manual for Utah Cities.

10-6-158. Financial administration ordinance - Adoption - Purpose.

The governing body under the council-mayor optional form of government shall, and the governing body of any other city may, adopt a financial administration ordinance, which would, with appropriate budgetary controls, authorize the mayor, director of finance, or other official approved by the council, to act as the financial officer for the purpose of approving:

- 1) Payroll checks, if the checks are prepared in accordance with a salary schedule established in a personnel ordinance or resolution; or
- 2) Routine expenditures, such as utility bills, payroll-related expenses, supplies, materials, and payments on city-approved contracts and capital expenditures which were referenced in the budget document and approved by an appropriation resolution adopted for the current fiscal year.

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10-6-159. Financial administration ordinance -- Provisions.

The financial administration ordinances adopted pursuant to Section **10-6-158** shall provide for the following:

- (1) a maximum sum over which all purchases may not be made without the approval of the mayor in the council-mayor optional form of government or the governing body in other cities; however, this section shall not prevent the mayor in the council-mayor optional form of government or the governing body in other cities from approving all or part of a list of verified claims, including a specific claim in an amount in excess of the stated maximum, where certified by the appropriate financial officer or officers of the city;
- (2) that the financial officer be bonded for a reasonable amount; and
- (3) such other provisions as the governing body may deem advisable.

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## UNIFORM ACCOUNTING MANUAL

**Reference:** I. C.05.01  
**Page:** 1 of 3  
**Subject:** Class B and C Road Funds  
**Effective Date:** 1 April 1986  
**Revision Date:** 1 April 1997

### State Allocated Road Funds

Legislative changes have attempted to simplify and clarify the requirements and procedures for the use of state allocated Class B & C road funds. The compliance audit responsibility to ensure that these funds are appropriately spent should be met by the governmental units' independent auditors. While the Utah Department of Transportation (UDOT) may visit a city or county to verify the reports submitted to them or to collect other information necessary for a federal report, they rely primarily upon the independent auditor for compliance verification.

Section 27-12-108.1 through 27-12-108.4 of the *Utah Code* set forth the requirements for the use of these funds. The independent auditor may also want to refer to *Regulations Governing Class B & C Road Funds*, which is published by UDOT. These rules and regulations are available from UDOT at 4501 South 2700 West, SLC, Utah 84119 or a copy should be available in the city or county being audited. Questions regarding this area should be directed to Austin Baysinger or Van Sutherland of UDOT at 965-4360. The independent auditors should disclose non compliance with these statutes in a management letter as set forth in the section of this manual entitled AGAAP and State Reporting Requirements@. The independent auditor should also refer to FASB Statement 5 for the treatment of material noncompliance with these sections of the law.

27-12-108.1 Class B and C roads - Improvement projects - Contracts - Retainage escrow.

- (1) The county executive of the counties with respect to class B roads and the governing officials of the cities and towns with respect to class C roads shall cause to be made plans, specifications, and estimates preparatory to the construction of any improvement project, as defined in Section 27-12-108.2, on a class B or C road; the estimated cost of which for any one project exceeds the bid limit for labor, equipment, and materials. All projects in excess of the bid limit shall be performed under contract to be let to the lowest responsible bidder. Whenever the estimated cost of the improvements projects exceeds the bid limit for labor, equipment, and materials, the same shall not be so divided as to permit the construction in several parts, except by contract. The advertisement on bids for such work shall be published in a newspaper of general circulation in the county in which such work is to be performed at least once a week for three consecutive weeks, or if there is no such newspaper, then after posting such notice for at least 20 days in at least five public places in the county. Sealed bids shall be received by the county executive or governing officials, as the case may be, and opened at the time and place designated in the advertisement, and the contract awarded: provided, that the county executive or governing officials, as the case may be, shall have the right to reject any and all bids; provided further, that the person, firm or corporation to whom any such contract is awarded shall be subject to all the provisions of Title 63, Chapter 56, Utah Procurement Code.
- (2) If any payment on a contract with a private contractor for construction or improvement of class B and C roads is retained or withheld, it shall be placed in an interest-bearing account and the interest shall accrue for the benefit of the contractor and subcontractors to be paid after the project is completed and accepted by the governing officials of the county, city, or town. It is the



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responsibility of the contractor to ensure that any interest accrued on the retainage is distributed by the contractor to subcontractors on a pro rata basis.

27-12-108.2 Class B and C roads - Construction and maintenance - Definitions - Estimates lower than bids - Accountability.

- (1) As used in this section and Section 27-12-108.1;
  - (a) "Bid Limit" means \$100,000
  - (b) (i) "Construction" means the work that would apply to:
    - (A) any new roadbed either by addition to existing system or relocation;
    - (B) resurfacing of existing roadways with more than two inches of bituminous pavement; or
    - (C) new structures or replacement of existing structures, except the replacement of drainage culverts.
  - (ii) "Construction" does not include maintenance, emergency repairs, or the installation of traffic control devices as described in Section 41-6-20.
  - (c) "Improvement project" means construction and maintenance as defined in this section except for that maintenance excluded under Subsection (2).
  - (d) "Maintenance" means the keeping of a road facility in a safe and usable condition to which it was constructed or improved, and includes:
    - (ii) the reworking of an existing surface by the application of up to and including two inches of bituminous pavement.
    - (iii) The installation or replacement of guardrails, seal coats, and culverts;
    - (iv) the grading or widening of an existing unpaved road or flattening of shoulders or side slopes to meet current width and safety standards; and
    - (v) horizontal or vertical alignment changes necessary to bring an existing road in compliance with current safety standards.
  - (e) "Project" means the performance of a clearly identifiable group of associated road construction activities or the same type of maintenance process, where the construction or maintenance is performed on any one class B or C road, within a half-mile proximity and occurs within the same calendar year.
- (2) The following types of maintenance work are not subject to the contract or bid limit requirements of this section:
  - (a) the repair of less than the entire surface by crack sealing or patching; and
  - (b) road repairs incidental to the installation, replacement, or repair of water main, sewers, drainage pipes, culverts, or curbs and gutters.
- (3) (a) (i) If the estimates of a qualified engineer referred to in Section 27-12-108.1 are substantially lower than any responsible bid received or in the event no bids are received, the counties or cities may perform the work by force account.
  - (ii) In no event shall "substantially lower" mean estimates that are less than 10% below the lowest responsible bid.
- (b) If a county or city performs an improvement project by force account, it shall:

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- (ii) provide an accounting of the costs and expenditures of the improvement including material, labor, and direct equipment costs to be calculated using the Cost Reference Guide for Construction Equipment by Dataquest Inc.;
- (iii) disclose the costs and expenditures to any person who requests to see them and allow him to make a copy upon paying for the actual cost of the copy; and
- (iv) perform the work using the same specifications and standards that would apply to a private contractor.

27-12-108.3 Supervision and standards of construction for class B and C roads.

- (1) All construction plans, specifications, and estimates require under Section 27-12-108.1, and all construction work shall be prepared and performed under the direct supervision of a registered professional engineer.
- (2) The supervising engineer shall certify to the county legislative body or the governing officials of the city that all road construction projects conform to design and construction standards as currently adopted by the American Association of State Highway and Transportation officials.

27-12-108.4 REPEALED

### Budgeting and Accounting for B & C Road Funds

The State Auditor's Office has taken the position that B & C road funds must be budgeted and accounted for in the General Fund. We do not consider B & C road funds to be capital grants but rather intergovernmental revenue similar in nature to shared revenue, and therefore, properly accounted for in the general fund.

In accordance with generally accepted accounting standards, all proceeds from general obligation bonds issued for the purpose of capital projects must be accounted for in the capital projects fund. If additional funding in the form of B & C road monies is needed to complete the funding for the road project, we will allow B & C road monies to be transferred to the capital projects funds. Otherwise, all expenditures for road projects should be reported in the general fund.

With regards to road impact fees, *Utah Code* Section 11-36 requires separate accounting for impact fees. This can be accomplished using separate departments (accounts) in the general fund. Therefore, road impact fees should be reported in the general fund. Year-end balances of these funds should be reported as a reserved fund balance within the general fund.

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## UNIFORM ACCOUNTING MANUAL

**Reference:** I. C.07  
**Page:** 1 of 1  
**Subject:** Master Chart of Accounts (Introduction)  
**Effective Date:** 1 April 1987  
**Revision Date:** 1 October 1992

Various sections of the Uniform Fiscal Procedures Act set forth the legislative intent for uniform accounting, budgeting and financial reporting for governmental entities and the State Auditor's responsibility in that regard.

It is recognized that there are differences in size, complexity and organizational structure of governmental entities. However, the master chart of accounts, or the optional simplified chart of accounts, should be used where possible. Modification of the account codes may be made where necessary to facilitate variances in organizational structure, need for greater detail, performance measurement criteria, etc.

Even though the chart of accounts may be modified, the budget forms submitted to the State Auditor's Office must account for revenues and expenditures in the categories provided on the forms. Also, year end financial reports must conform to the basic fund structure envisioned in the master chart of accounts.

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## UNIFORM ACCOUNTING MANUAL

**Reference:** I. C.07.01  
**Page:** 1 of 1  
**Subject:** Coding Transactions by Account Numbers  
**Effective Date:** 1 April 1987  
**Revision Date:** 1 April 1987

Coding of accounts is a system of classifying each receipt and disbursement with a code number to facilitate proper identification of the transaction in the accounting records of the governmental entity by reference to the assigned numbers. It is an expeditious method of grouping together several transactions affecting the same account. It eliminates the necessity of writing out the names or titles of accounts to which they are to be posted, and it is particularly essential for automated accounting.

Coding the accounts reveals the relationships between the various accounts more clearly and facilitates the preparation of financial statistics. Through a combination of code numbers it is possible to recognize immediately the fund involved and the source of revenue or the specific nature of an expenditure.

It should be noted that the same object account carries the same code number regardless of the fund within which it is used, with the exception of the number identifying the fund itself.

Use of the assigned numbers given in the chart of accounts described previously with a numerical code is demonstrated in the following examples:

Example 1: Receipt of money from the current general property tax levy for the general fund and debt service funds would be coded:

11 - 3110  
30 - 3110

11 - The code for the general fund  
30 - The code for the specific bond issue of the debt service fund  
3110 - The code for tax revenues - general property taxes - current

Example 2: Expenditures for payment of salaries of deputies in the police department would be coded:

11 - The code for the general fund  
4210 - The code for Police Department  
110 - The code for permanent salaries and wages

Example 3: Expenditure for purchase of road oil charged to Streets and Highways - Road Maintenance activity of the general fund would be coded:

11 - 4410 - 410

11 - The code for the general fund  
4410 - The code for Road Maintenance activity  
410 - The code for Specials Departmental Supplies

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## UNIFORM ACCOUNTING MANUAL

**Reference:** I. C.07.02  
**Page:** 1 of 3  
**Subject:** Coding Format  
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### MASTER CHART OF ACCOUNTS Account Coding Format

Account Structure:

00	0000	000	000
FUND	TYPE & SOURCE	SUB DETAIL SOURCE CODES	PROGRAM, PERFORMANCE AND COST CODES

**FUND:**  
Each fund has two-digits that identify the fund type.

#### **TYPE AND SOURCE:**

1st digit	Identifies the <i>financial classification</i> (i.e., 1000 - assets, 2000 - liabilities, 3000 - revenues, and 4000 - expenditures/expenses).
2nd digit	Identifies the <i>category</i> of assets, liabilities and revenues. Identifies the <i>function</i> for expenditures/expenses.
3rd digit	This is the <i>account identification</i> for assets and liabilities. It is the <i>source</i> code for revenues and the <i>department</i> code for expenditures/expenses.
4th digit	This is the <i>sub account identification</i> for assets and liabilities. It is the <i>sub source</i> for revenue and the <i>activity</i> code for expenditures/expenses.

#### **SUB DETAIL SOURCE CODES:**

These are optional account codes providing additional detail of the account for assets and liabilities. For revenues they provide additional details on the revenue source. For expenditures these digits may be used to provide the character (1st digit), object (2nd digit), and sub object (3rd digit) of the expenditure/expense.

#### **PROGRAM, PERFORMANCE & COST CODES:**

These are optional account codes which may be used to identify the related program (1st digit), performance (2nd digit), and cost (3rd digit) codes.

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10 GENERAL FUND

20 SPECIAL REVENUE FUNDS

23 - (Use as needed)

24 - (Use as needed)

30 DEBT SERVICE FUNDS (Bond Redemption and Interest Funds)

31 - Bond Issue

32 - Bond Issue

33 - Bond Issue

40 CAPITAL PROJECTS FUNDS (Bond Construction Funds)

41 - Bond Fund

42 - Bond Fund

43 - (Use as needed)

44 - Construction Fund

45 - Capital Projects Funds

Use a separate fund for each bond issue and construction project.

50 ENTERPRISE FUNDS (Public Utilities and Other Enterprise Funds)

51 - Water Utility Fund

52 - Sewer Fund

53 - Electric Utility Fund

54 - Municipal Airport Fund

55 - Golf Course Fund

56 - Swimming Pool Fund

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### **60 INTERNAL SERVICE FUNDS (Working Capital and Revolving Funds)**

- 61 - Equipment Maintenance Funds
- 62 - Stores Revolving Fund
- 63 - Insurance Revolving Fund

### **70 TRUST AND AGENCY FUNDS**

- 71 - Cash Deposits Fund
- 72 - Library Board Fund
- 73 - Federal Revenue Sharing

### **90 SPECIAL GROUPS OF ACCOUNTS**

- 91 - General Fixed Assets
- 95 - General Long-Term Debt

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## UNIFORM ACCOUNTING MANUAL

**Reference:** I. C. 10  
**Page:** 1 of 9  
**Subject:** Simplified Chart of Accounts - Smaller Governmental Units  
**Effective Date:** 1 April 1987  
**Revision Date:** 1 April 1987

A chart of accounts is used to identify and appropriately classify financial transactions, balances, etc. The chart of accounts presented in this manual is the simplified chart of accounts for smaller governmental units. A smaller governmental unit may use the simplified chart of accounts presented in this section, the more detailed master chart of accounts presented in section I. C.07, or any other chart of accounts as long as the accounts used identify all revenues by sources, all expenditures by function, and segregates these into the appropriate funds and departments.

The chart of accounts presented is organized as follows:

100 - 199	Asset Accounts
200 - 299	Liabilities and Fund Balance (Retained Earnings)
300 - 399	Revenue Accounts
4000 - 7999	Expense Accounts, including the Expenditures Object Codes

This chart of accounts does not contain separate fund designations. Such designations should be made by adding a single digit in front of the account codes such as:

- 1 - General fund
- 2 - Capital projects fund
- 3 - Enterprise fund (water utility), etc.

The following entries illustrate the usage of this simplified chart of accounts:

<u>Account No.</u>	<u>Debit</u>	<u>Credit</u>
1-111 Cash	\$5,000	
1-313 Sales Taxes		\$5,000
To record the receipt of sales taxes by the general fund		
3-7032 Engineering	\$2,000	
Cash		\$2,000
To record engineering costs paid by the enterprise fund (water utility)		



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### BALANCE SHEET ACCOUNTS

#### ASSETS

111	Cash in bank
112	Petty cash
115	Interest bearing cash deposit
116	Treasury time deposits
117	Other investments
121	Customer deposits
122	Other deposits
131	Accounts receivable
132	Notes receivable
133	Accrued interest receivable
134	Special assessments receivable
135	Taxes receivable - current
136	Taxes receivable - delinquent
137	Deposits receivable
141	Due from other governmental units
142	Due from other funds
143	Advances to other funds
151	Inventories
161	Land
162	Buildings
163	Improvements other than buildings
164	Office furniture and equipment
165	Machinery and equipment
166	Automobiles and trucks
172	Amounts available for bond payment
173	Amounts to be provided for bond payment

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### **LIABILITIES AND FUND BALANCES**

211	Accounts payable
221	Accrued payroll
222	Withholding taxes payable
223	Other deductions payable

### **BALANCE SHEET ACCOUNTS**

#### **LIABILITIES AND FUND BALANCES (Continued)**

231	Contracts payable
232	Notes payable
233	Construction contracts payable
241	Due to other governmental units
242	Due to other funds
251	Matured bonds payable
252	Matured interest payable
253	Bonds payable
261	Contributions from governmental units
262	Contributions from other funds
263	Contributions from customers
264	Contributions from subdividers
271	Reserve (detail)
272	Reserve (detail)
273	Reserve (detail)
275	Fund Balance
277	Investment in general fixed assets
278	Retained earnings

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### REVENUE ACCOUNTS

#### 310 TAXES

- 311 General property taxes-current
- 312 Prior year ' s taxes - delinquent
- 313 General sales and use taxes
- 314 Franchise taxes
- 315 Transient room tax
- 317 Fee-in-lieu of personal property taxes
- 319 Penalties and interest on delinquent taxes

#### 320 LICENSES AND PERMITS

- 321 Business licenses and permits
- 322 Building permits
- 323 Marriage licenses
- 324 Cemetery - burial permits
- 325 Animal licenses
- 326 Other

#### 330 INTERGOVERNMENTAL REVENUE

- 331 Federal grants
- 332 Federal revenue sharing
- 333 Federal payments in lieu of taxes
- 334 State grants
- 335 Class "C" road fund allotment
- 336 State liquor fund allotment
- 337 State payments in lieu of taxes
- 338 Other grants
- 339 Other

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### 340 CHARGES FOR SERVICES

- 341 Court costs, fees and charges (Clerk)
- 342 Recording of legal documents (Recorder)
- 343 Zoning and subdivision fees
- 344 Plan checking fees
- 345 Sale of maps and publications
- 346 Other general government feed (detail)
- 347 Other general government fees (detail)
- 348 Public safety fees
- 349 Street, Sidewalk and curb repairs
- 350 Parking meter revenue
- 351 Street lighting charges
- 352 Sewer charges
- 353 Refuse collection charges
- 354 Weed removal and cleaning charges
- 355 Health fees
- 356 Animal control and shelter fees
- 357 Park and recreation fees
- 358 As needed
- 359 As needed

### 360 OTHER REVENUE

- 361 Interest earnings
- 362 Sale of cemetery lots
- 363 Cemetery perpetual care
- 364 Cemetery maintenance fees
- 365 Court fines and forfeitures
- 366 Library fines
- 367 Sale of fixed assets
- 368 Other

### 370 OTHER ENTERPRISE AND UTILITY REVENUE

- 371 Water fund - operating
- 372 Water fund - non-operating
- 373 Sewer fund - operating
- 374 Sewer fund - non-operating

### 370 OTHER ENTERPRISE AND UTILITY REVENUE (Continued)

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375 Electric fund - operating  
376 Electric fund - non-operating  
377 Waste collection and disposal fund (operating and non-operating)  
378 Airport fund - aviation  
379 Other (detail)

### 380 CONTRIBUTIONS AND TRANSFERS

381 Contributions from other governmental units  
382 Contributions from other funds  
383 Contributions from private sources  
384 Transfers from other funds

## EXPENSE ACCOUNTS

### GENERAL GOVERNMENT

40 Non-Departmental

#### Legislative and Judicial

41 Mayor, council or board  
42 City court

#### Central Staff Agencies

43 Data processing  
44 As needed

#### Administrative Agencies

45 Clerk  
46 Treasurer  
47 Recorder  
48 As needed (city manager, attorney, engineer)  
49 As needed (finances department, etc.)  
50 Elections

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- 51 Buildings and grounds
- 52 Planning and zoning commission
- 53 Education and community promotion

### PUBLIC SAFETY AND HEALTH

- 54 Police department
- 55 Fire department
- 56 Building inspection
- 57 Animal control
- 58 Other
- 59 Health Services

### HIGHWAYS AND PUBLIC IMPROVEMENTS

- 60 Streets and highways
- 61 Class "C" road
- 62 Sanitation
- 63 Sewage collection and disposal

### PARKS, RECREATION AND PUBLIC PROPERTY

- 64 Parks
- 65 Recreation
- 66 Libraries
- 67 Cemeteries
- 68 Community and economic development
- 69 As needed
- 70 As needed

### PUBLIC UTILITIES

- 71 Water fund
- 72 Sewer fund
- 73 Electric utility fund
- 74 As needed
- 75 As needed

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### **EXPENDITURE OBJECT CODES**

#### 10 SALARIES & WAGES

- 11 Permanent employees
- 12 Temporary employees
- 13 Employee benefits
- 14 Other benefits

#### 20 MATERIALS & SUPPLIES

- 21 Books, subscriptions & memberships
- 22 Public notices
- 23 Travel
- 24 Office expense & supplies
- 25 Equipment - supplies & maintenance
- 26 Buildings & grounds - supplies & maintenance
- 27 Utilities
- 28 Telephone

#### 30 SERVICES

- 31 Data processing
- 32 Engineering
- 33 Legal
- 34 Accounting and auditing
- 35 General health
- 36 Education
- 37 Other professional & technical
- 38 Other Services

#### 40 OTHER CHARGES

- 41 Insurance
- 42 Collection costs
- 43 Interest
- 44 Contributions
- 45 Special department supplies
- 46 Miscellaneous supplies & services

#### 50 CAPITAL OUTLAY

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- 51 Land
- 52 Buildings
- 53 Improvements other than buildings
- 54 Purchase of equipment
- 55 Special projects
- 56 Other

### 60 DEBT SERVICE

- 61 Principal on bonds
- 62 Interest on bonds
- 63 Collection charges on bonds

### 70 INTERGOVERNMENTAL CHARGES & TRANSFERS

- 71 Transfers to other funds
- 72 Contributions to other funds
- 73 Intergovernmental charges